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International Court of Justice

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H0124-0002

Official transcript of the International Military Tribunal in the matter of: The United States of America, the French Republic, The United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics, against Hermann Wilhelm Goering et al, Defendants, sitting at Nurnberg, Germany on 6 May 1946, 1005-1300, Lord Justice Lawrence presiding.

DR. SAUTER: Mr. President, I will continue with my questioning of the witness Dr. Funk. Saturday morning we were discussing the question of the appointment of Dr. Funk as Minister of Economics in the Reich and now I should like to turn to his appointment as President of the Reichsbank.

WALTHER FUNK -- Resumed

DIRECT EXAMINATION -- Continued

BY DR. SAUTER:

Q Mr. Witness, in January 1939, I believe it was, you became President of the Reichsbank as successor to Dr. Schacht. How did that appointment come about?

A I had just returned from a journey and it was about the middle of January of 1939. I was called to the Fuehrer's office and found the Fuehrer in a state of great excitement. He told me that the Reich Minister of Finance had told him that Schacht had refused the necessary credit, and that consequently the Reich was in financial straits.

The Fuehrer also told me, in great excitement, that Schacht was sabotaging his policies, that he would not tolerate such treatment on Schacht's part in the future, that if the Reichsbank should try to disturb and oppose his policies -- and the gentlemen in the Reichsbank Directorate were utter fools -- he would not tolerate it any longer, and no power and no chief of state in the entire world could possibly make its policy dependant on cooperation or non-cooperation of its bank.

The Fuehrer further explained that from now on the determining of all credits to be issued by the Reichsbank to the Reich would be done by himself according to the demand and suggestion of the Reich Minister of Finance. He further stated that he had given Lammers permission to work together with the Reich Minister of Finance, and to issue a decree by which the position of the Reichsbank, in line with the provisions of the Treaty of Versailles, would now be changed, and the granting of credits to the Reich would be handled by him alone in the future.

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The Fuehrer further said that he was asking me to take over the leadership of the Reichsbank, upon which request I replied that I would be glad to follow his wish, but that first of all I had to have confirmation from him that the conditions for stabilization of currency would be maintained.

The opinion which was voiced here by a witness, that through a further granting of credits at that time inflation would be brought about, is wrong, and that position is untenable. Twelve billions of credit can have an effect of inflation, and 20 billions of credit do not in any way tend to work toward inflation if the state has the necessary authority to stabilize prices and wages, and further has the authority to regulate prices and economy, andif the people maintain the proper discipline in this respect, and if, finally, the financial means which result as the expansion of credit goes on and represent a further purchasing power, are diverted through taxes or taken up through loans, then as far as the currency and stabilization are concerned, there is absolutely no danger.

It is a fact that the German Reichsmark, up until the final collapse, was kept on a stable basis and an even keel. As far as the most essential things of life are concerned, the purchasing power of money in Germany was stable. Of course, the purchasing power of money was limited in s o far as consumers good s were produced only on a very limited scale, for almost all the production was turned over to armaments.

Q Dr. Funk, have you concluded?

A Just one moment, please. I believe this is a very decisive question.

In other countries as well, large credits were issued during the war, and these credits did not in any way cause an inflation. The state of debt applied in the United States as well as in England, and relatively speaking, and even applying an absolute standard, this ratio of debt was much higher than that in Germany and in many other countries. The monetary policy overthrew the old thesis that a war would, of necessity, bring about a disturbance in the monetary system and the monetary value.

The German people, up until the very end, until the final collapse, maintained a most admirable discipline. The money can serve as a function of state, and currency will function as long as the state has the authority to maintain the currency on a stable basis, to keep the economic sphere under control, and

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as long as the people themselves maintain the necessary discipline.

It wasn't at all that I took overthis office with the knowledge that Germany was now entering into an inflationary period, but on the contrary, I knew full well that through the maintaining of the necessary governmental policy, the currency couldbe protected, and the currency was protected.

However, the basic difference between Schacht's position and my position consisted of this fact, that on the part of Schacht the Reichsbank could determine issuing of credits from the Reichsbank, whereas in my case, this authority was taken from me and the responsibility for domestic financing, therefore, was in the hands of the Finance Minister, and that, of course, meant the Fuehrer himself.

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Q Dr. Funk, I have another question. Perhaps, despite your poor state of health today, you might be able to speak a little more loudly so that the court reporters might understand you a little more easily. I wonder if you could try just a little bit. We will try to make this as brief as possible.

Witness, then these offices of yours which we have discussed up to now, in addition to these you had a further office as a successor of Dr. Schacht. This office was the General Plenipotentiary for Economy. Can you give us your attitude and your position in this respect in order to clarify your person, your activity, and your achievements?

Q This was the weakest position of all that I had, as the Reichsmarshal has correctly stated, and as Dr. Lammers confirmed as well. It was a position that I merely held on paper, and there was an essential difference in the position which Schacht had and in the position which I had.

Schacht was the General Plenipotentiary for War Economy. I, on the other hand, was the Plenipotentiary for Economy. According to the Reichs Defense Law of 1938, the General Plenipotentiary for Economy was to handle the civilian economy departments and coordinate these departments in preparing the work for a possible war. But, in the meantime, these economic departments had been subordinated to the Plenipotentiary of the Four Year Plan, and I, as General Plenipotentiary for Economy, was also subordinate to the Plenipotentiary of the Four Year Plan;

Consequently, as far as the matter of competence and authority was concerned, as these were laid down formally, there was a disparity, unclearness, confusion, which resulted in a directive of the Fuehrer just a few months after the beginning of the war, that de jure, that is, legally, the instructions for the General Plenipotentiary of Economy, as far as the economic departments were concerned, that the authority would be given to the Plenipotentiary of the Four Year Plan,

Q When was that?

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A In December of 1939. Then there was just a formal authority to issue directives. That is, as far as directives were concerned, I could sign for the five civilian economic departments, which, according to the Reichs Defense Law, were subordinate to this Plenipotentiary. I retained those authorities which pertained to the Reichsbank and to the Ministry of Economy, which I had anyway.

Q Then you were subordinate even in these functions to the Plenipotentiary for the Four Year Plan; is that correct?

A Yes. Just like all civilian departments, as far as the Ministry of Economy was concerned, there was a closer relationship.

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Q Mr. Witness, in August of 1939, that is, shortly before the Polish campaign, in your capacity as General Plenipotentiary for Economy, you gathered the civilian economic offices for a meeting, and Document 3324-PS refers to this meeting. It seems important to me that you define your attitude on this point also, and especially from this angle, that apparently on the basis of this discussion you wrote a letter to Hitler, dated the 25th of August, and that this letter was a result of this meeting.

In your trial brief on page 24 this matter is mentioned. Will you define your position on this point?

A Under Schacht's domain there was an office for the General Plenipotentiary for Economy, and there was a working committee, which consisted of the representatives of the various economic departments, as well as representatives of the Ministry of the Interior, the Plenipotentiary for Administration, the OKW, and above all, of the Four Year Plan.

When Schacht resigned, the leadership of this committee and of the office of the Plenipotentiary for Economy was transferred to Dr. Vosse, who was his former State Secretary, whereas under Schacht, Staatsrat Wohltat had headed this office and this committee. These people of course had consultations constantly, in which consultations they discussed measures which would be necessary for a carrying on of the war in a civilian and economic sphere, and this was maintained. This matter was dealt with in my speech in Vienna. This was something which existed alongside the Four Year plan, and in the main was charged with transferring the civilian economy into a war economy in case of war without too many disturbances, and also to prepare for a war economy administration.

When, in August of 1939, the war with Poland was imminent, I called together the chiefs of the civilian economy departments, and called in the representative of the Four Year Plan as well. Then in joint consultations we dealt with those measures, and worked them out, which were necessary in case of a war to convert the civilian economy into a war economy, and do this with as little disturbance of economy as possible.

These were the proposals which I incorporated into my letter to the Fuehrer, dated the 25th of August 1939, and this was a period of time when the German and the Polish Army were already in a state of complete mobilization and faced each

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other as such.

It was, of course, my duty to do everything in order to prevent disturbances in the civilian economy in case of a war, and it was further my duty as President of the Reichsbank, as far as gold and other financial assets of the Reichsbank were concerned, to strengthen them.

These were necessary measures, First of all, because of the general political tension which existed at the time, it would have been necessary also even if the war did not materialized, but if it was just a matter of economic sanctions even, sanctions which might have been expected and which one had to expect from the general political tension which existed at the time. As Minister of Economy, it was my duty to do everything to strengthen production.

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But with thedemands from the Wehrmacht, as far as money was concerned, I did not concern myself with this problem; and as far as armament problems were concerned, I had nothing to do with them at all, since, as I have already said, the leadership of the civilian as well as the war economy had been turned over to the Plenipotentiary for the 4-Year Plan.

May I tell you a little about the work of this committee? I maintained a reserve, and I can explain this reserve as follows:

I personally did not believe that we would have war, and everyone who at th at time discussed this problem with me must confirm me on this point. In those months shortly before the beginning of the war, I concentrated my entire activity on international negotiations to bring about a better international economic order, and to improve commercial relations between Germany and her foreign partners.

At that time, there were visits that had been expected by British ministers Hudson and Stanley. They were to visit me in Berlin. I myself was to go to Paris for negotiations; and in the year 1937 I had me some members of the cabinet when I was present and headed a great cultural affair in Paris at that time.

The matter of short-term foreign indebtedness had to be put on a new basis, and I had worked out new proposals to bring about this new order, proposals which were hailed with enthusiasm, especially in England. And in June of 1939, I had an international financial discussion whereby the leading representatives of the banking world, from the United States, from England, from Holland, France, Belgium, Switzerland, and Sweden--representatives of all these countries were there with me.

These discussions lead to a result which was satisfactory to all of us, and at the same time was instrumental in the exchange of assets of the Reichsbank abroad. This exchange of those assets was hailed in foreign banking circles. It was considered fair and satisfactory.

In June of that year, I took a trip to Holland to bring about trade agreements, and I also participated in financial meetings and discussions at Basel; and at the beginning of July of 1939, despite the strong

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political tension which existed at the time, I was of the opinion and the conviction that it would be possible to prevent a war. In all of my discussions, at home and abroad, I voiced this conviction of mine. And this is why I was not interested in the discussions, consultations, and meetings about the beginning of the war and the change (conversion) of the national economy for war.

I had of course, given instructions to the Reichsbank, as far as possible, to use its assets abroad to get gold instead of increasing our foreign assets. But in these few months of my official activity before the war, the success of this endeavor of mine was very slight. Our gold assets and foreign assets as they were turned over to me from Schacht were, up until the war, unchanged on the whole.

In my questionnaire to the Reichsbank vice President, Puhl, I requested clarification on these transactions, since the directorate of the Reichsbank and the managing director at the time I had to have information on this matter and the answers to this question, I am sorry to say, had not arrived as yet.

Q Mr. Witness, these expositions were made by you obviously to show that despite the political tension in the situation at the time you did not even think of a war?

A Not until August of 1939.

Q Now, in the course of these proceedings, we have heard about a series of discussions which were carried on by Hitler with generals and other personalities. And these discussions were of a military and political content. These were all discussions of which we must say today that they were in the closest connection with preparations for war.

At which of these discussions were you present, and what did you learn at these discussions, and from them?

A As far as political and military discussions were concerned, I was never called in, and I did not participate in a single one of these discussions which were mentioned in this connection as far as aggressive war was concerned. I am referring to discussions with the Fuehrer in this connection. I was never informed even as to the contents of these

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discussions. But as far as I can remember, I was hardly ever present at the discussions at the Reichsmarshal's when they dealt with this topic.

I have been confronted with a meeting which took place in October of 1938.

Q, The 14th of October, 1938? I can tell you the document number. It is 1301 P. S. That was the 14th of October 1938, document 1301 P. S. Please continue. Were you present at that meeting?

A No. Yes, that was the meeting in which, according to the accusation held against me, Goering pointed out that he had been instructed by the Fuehrer to strengthen armament abnormally. The Luftwaffe was to be increased five times, as speedily as possible.

The Prosecution, according to page 2447 of the official record, asserted that in this discussion between Goering and me, G oering addressed me in the words of a man who was already at war. In those days, I was not even in Germany. I was in Bulgaria at the time, and consequently could not participate at those sessions.

DR. SAUTER: Mr. President, for the proving of this fact that the defendant Funk at the time of this discussion with Goering on the 14th of October, 1938, was not in Germany, in the document book "Funk" I have submitted several documents, extracts from "Der Voelkische Beobachter, the numbers 5, 6, 7, and 8. These documents are submitted chiefly because they show that at the time beginning with the 13th of October, 1938, until the 15th of October, 1938, Funk, as a matter of fact, was at Sophia, at Bulgaris, and therefore could not hve been present at the Goering meeting of the 14th of October, 1938.

What mission Funk had in Bulgaria and the speeches he made about economic conditions it is hardly necessary for me to read. But I would like to refer especially to his speech of the 15th of October, 1938, found in the Document Book, "Funk", Number 7, in which the defendant Funk, especially in the first paragraph, showed in a schematic manner that the thought of an economic community between the German economy and the Southeast European economy was in his mind, and in which Funk wi th great deliberateness treats the unilateral dependency of the Southeastern States with respect to Germany, and rejected this unilateral situation.

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And I beg the Tribunal to take official notice of these documents and in order to save time I will not go into them in detail.

Q Witness, under No. PS-3562 the Prosecution has submitter a document dealing with a discussion of the 1st of June 1939. At this discussion and at this meeting you yourself were nor present but according to the list of those present several representatives of your Ministry were there, as well as a representative of the Reichsbank. At this meeting the financial situation in case of a war was dealt with, as well as the productivity and capacity of German economy and the protectorate also in case of a war. There is a marginal note in this record which says that the record was to be submitted to you, and I am asking you to define your position briefly and to tell us whether this actually did take place.

A No, that did not take place.

Q Please go slowly.

A If this record had been submitted to me I would have affixed my initials "W.F." to it, and this matter deals with circumstances and continous discussions which I have already dealt with, about the financing of the war, and applies to measures in the civilian economy, field in case of a war. The decisive measures as far as financing were concerned were dealt with and prepared by the Reich Minister of Finance, and these financial measures were discussed at length in this meeting and the question of meeting the expenses through taxes. That was one of the chief problem discussed. In any event, these discussions did take place at that time among the representatives of the various department offices.

These discussions were carried on regularly and continuously and as far as the leadership staff of the Plenipotentiary for Economy concerned himself with this, I just now found the name of this head, this man whose name I could not remember. There were the instructions, and this committee which even in the days of Schacht functioning and which later continued.

Q Dr. Funk, on the 30th of March 1939, you made a speech for the Central Committee on the Reichsbank. The excerpts of this speech, which are necessary for the carrying on of this proceeding, I have included these extracts in the Funk document book, under No. 9, and I am referring and coming back to it for the reason that shortly after your assuming office as President of the Reichsbank this speech was delivered and in some connections of importance in this proceeding are

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considered to be his program as President of the Reichsbank.

Dr. Funk, perhaps with just a few brief words you might give us the high spots of your speech as far as it is relevant for the Prosecution.

A I do not believe that I need to do that. J st a minute ago I briefly mentioned the fact that in those months I carried on international negotiations about a new order for German trade and economic relations, and I mentioned the readiness on Germany's part to participate dicisively, and I do not believe that I need to read anything more from this speech. This speech is to show only that at that time I did not work for preparations for war but with the objective of bringing about an international economic understanding, and that this, my work, was recognized in foreign countries, especially in England, and it was recognized publicly.

Q This intention, Witness, to bring about a favorable relation with those abroad, especially as far as financial and economic matters were concerned, was, I am sure, decisive for a measure which you already referred to a little while ago, and I mean that the compensations were those who were interested in the Reichsbank. I believe there were some people like that in England and Holland and in Switzerland.

A That all of these matters were dealt with fairly, yes, I have said that.

Q You mentioned here just a little while ago that you wrote to Hitler. This letter would be interesting to us in this respect: In that I would like to know just why you wrote this letter and why in this letter you mentioned "my proposals" even though in the main it was not concerned with things which did not actually trace back to you. Perhaps you can give us a brief explanation.

A The tone and contents of this letter can be explained from the general feeling which existed in Germany at that time, and beyond that it is a purely personal letter to the Fuehrer. In this letter I thanked him for his congratulations on my birthday. And that is the reason why the letter is a little on the emphatic side, and if I mentioned "my proposals" this may be traced back to the fact that I personally at some time before had told the Fuehrer which measures would be necessary if a war were to arise. And in the main, those were the measures which later formed the basis of a discussion with the other offices and to which I referred in this letter. It was not quite correct for me to say "My propo-

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sals". I should really have said, "The proposals worked out by me, together with the chiefs of the Economic Office."

Q Dr. Funk, have you concluded?

A No. I would like to explain this whole letter with just a few words, si since it seems to be one of the pillars of the Prosicution's case against me.

As I have said, it was a period in which the two mobilized armies faced each other. It was the time when the entire German people were in a state of great excitement because of the constant provocations in Poland, and the mistreatment of the German population in Poland, I personally did not believe that we would actually have war, for I was of the opinion that diplomatic negotiations would be successful in this case in preventing the threat of war as well as war itself, and the Fuehrer had successes in this direction which bordered on the unbelievable, and as a result of this the heart of every German was to beat faster in the knowledge and in the expectation that now there would be a fulfillment of German wishe in the East, that home province of East Prussia which had been separated would be again reunited with the Reich, that the old German city of Danzig would be reunited with the Reich, and that the Corridor problem would be solved.

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The German people in an overwhelming majority, and I, did not believe that this question would call forth a war. We were on the other hand of the conviction that England would be successful to exert pressure on Poland so that Poland would acquiesce in the German demands as far as the corridor is concerned and that no war would break loose. According to the testimony of the witness Gisevius, of course, everyone in the entire world saw clearly that England at that time did nothing to work on Poland in a soothing and conciliatory manner; and if people thought that Germany was trying to bring about a conspiracy in which the Chief of the General Staff and the Chief of the OKH and the Chief of the German Armament and other leading military personalities were involved, that in the event of a war there would be an overthrow which had been prepared, then the British Government would have been foolish indeed if it had done anything to sooth and quiet Poland; and the British Government would of necessity have to be of the conviction at this point that Hitler would go to war, at which an overthrow would come, and that there would be no war and that the hated Hitler regime would be put aside, and more could not be expected.

Q Dr. Funk, we are not interested in the making of political speeches, but let us stick to this letter of the 25th of August, 1938. I would like to say again, 699PS. Let us return to this matter in which I am interested at present, and if I understood you correctly, I can summarize your testimony so far that this rather enthusiastic letter to Hitler was written for the reason that you were hopeful that Hitler would succeed to reunite your East Prussian home province with the Reich, and would now finally settle the corridor problem without a war. Did I understand you correctly?

A Yes, but at the same time I considered myself obligated to assure him that as far as I was concerned, everything had been done. In the event of a war the peace economy would be converted into a war economy without disturbance. And this was the only time atwhich I was active plenipotentiary for Economics, and I referred to my position in this letter. And it may be explained on a human basis, for I was proud of the fact that I had for once done something in this official position, for a man likes to be successful.

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Q Dr. Funk, at this point we are concerned with the question of whether you knew of Hitler's intent to bring about a war, especially to wage aggressive war, and to bring conquest through aggressive wars; whether you had knowledge of his intent along these lines. I would like to put a few questions to you which for the sake of simplicity I would like to have you answer yes or no; for I would like to know only whether your knowledge and your memory agree with the statements made by some witness and some defendants.

For example, Reichsminister Lammers testified to the effect that you were especially hard pressed if you wanted to see Hitler; that you had great difficulty in seeing him; that you saw him just once in a great while; and that even on one occasion I believe it was for days you were with Lammers at headquarters and always waited for the visit which had been promised you but that you could not actually get to see Hitler, and that you had to leave for home without having accomplished your mission. Is that correct?

A Yes, I am sorry to say.

Q Now a further question: We have been confronted with several documents which say explicitly -- I believe it is the record of Lammers -- that the Reichsminister of Economics and I believe one time the Foreign Minister, had requested to be called in to certain meetings; that Minister Lammers tried to do his best to bring this about, and that Hitler rejected this; that he explicitly prohibited you and the Reich Foreign Minister to have access to their meetings, even though you pointed out that important matters of your department were to be dealt with. Is that correct? Perhaps you can answer with just yes or no.

A The meeting which you are mentioning is concerned with the commitment of labor and I myself had no connection with that, and the Foreign Minister did not seem to have any strong interest along these lines either. So I assume that for those reasons the Fuehrer called neither the Foreign Minister nor me into this meeting, and the Fuehrer did not need me for, as I said yesterday already, as far as directives for the carrying on of the economy were given by him up to the year 1942, they were given to the Reichsmarshal and the Reichsmarshal was responsible for carrying on the economy. After 1942

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the directives were given to Speer, for from that date on armament dominated the entire economic life, and all economic positions were traced back to the Fuehrer, and everything had to be dovetailed to armament.

Q Dr. Lammers in his testimony on the 8th of April

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stated, I quote: "The Fuehrer many times objected, that is, against Funk. There were several reasons and different reasons which worked against Funk. He said that Hitler was sceptically inclined towards Funk and did not want him." From the testimony of the Witness Dr. Lammers. This disinclination of Hitler's to you, can you explain that?

A No, only the objective reason, the explanation that he did not need me.

Q In other words, he considered any discussions with you were superfluous.

A Yes.

Q Mr. Witness, in connection with the chapter "Aggressive War," I would be interested in noting the following: In the Indictment against you on page 30, 34 -- that is, 34 of the German trial brief, it is set forth that you personally and through your official representatives, participated in the preparation which led to the aggressive war against Russia. And as the sole proof for this statement a document is given, 1039 P.S., U.S. 146. I repeat, 1039 P.S., U.S.146. From this document it allegedly is to be seen that you, defendant, at the end of April, 1941, together with Rosenberg -- Rosenberg who is responsible for the Eastern territories -- had a discussion about the economic questions which would result if the aggressive plans in the East would be carried through. I am therefore asking you, Dr. Funk, to note the date of this discussion, that is, the end of April, 1941, just short time before the beginning of the war against Russia;and in order to refresh your memory I would like to point out that at that time, that is, before the war against Russia actually broke out, Rosenberg had already been nominated as Hitler's plenipotentiary for the eastern territories. And I am asking you now to define your position to this discussion and especially dealing with whether it can be seen from this that you participated in an aggressive war toward Russia or the preparation for it. And if you did participate, how.

A I know nothing about the aggressive war against Russia. I was very much surprised when from Lammer's words I had the advice that the Fuehrer

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had made Rosenberg plenipotentiary for Eastern European problems. Lammers stated here that he had me advised of this matter for personal reasons for he knew that I was very much interested in all economic relations with Russia. For the mutual efforts, that is, on the side of Russia as well as on the side of Germany, it had been made successful to reconstruct this trade and make it strong again, especially since in prior years, that is, before the first World War, the German trade with Russia had been the decisive factor in German trade and the money amounted to several billion of German gold marks. The Russians delivered us ore, oil, grain, and made these deliveries very promptly, and our deliveries of machines lagged behind a little for, first of all, the machines had to be produced. In fact, mostly these were special orders, they were highly specialized machines. And as far as army supplies were sent to Russia, I did not know, for I was not concerned with these problems. Therefore I was surprised through the announcement that Rosenberg had been appointed. Rosenberg called on me and told me briefly that this instruction from the Fuehrer was to bring with it the treatment of economic problems and plans. Thereupon I told one of the men in my ministry, Dr. Schlotterer, to work for Rosenberg in the problem when the Eastern Ministry was founded; and as far as I know, this had been in July. Dr. Schlotterer, a man whom I had given to Rosenberg -- Dr. Schlotterer with some colleagues took over the leadership of the economic aspect in the ministry of Rosenberg and simultaneously, as far as I remember, Schlotterer entered the Wirtschafts Fuehrung Stab Ost, (Economic Operational Staff, East), and this was the organization of the Four-Year plan, this organization which has been mentioned repeatedly. It dealt with all economic problems in the occupied Eastern Territories.

Beyond that, I did not concern myself with these matters, naturally. I asked Lammers as well as Rosenberg just what this would mean and both of them told me that the Fuehrer was of the opinion that a war with Russia was inevitable, that along the entire Eastern Front the Russians had had many re-enforcements, that there had been discussions with Molotov, and at which I was not present; that these discussions had been unsatisfactory; that the Russians had been making demands regarding the Balkan regions, regarding

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the Baltic and the Dardanelles, which could not be acquiesced in by Germany or by the Fuehrer. And in fact, even this matter was a complete surprise to me, as to the German people, and I am of the conviction that this war was upsetting to the German people.

Q When you spoke of July, you meant July, 1940?

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THE PRESIDENT: You said July. I want to know if you meant July 1940.

DR. SAUTER: My interpretation is not coming through, Your Honor.

THE PRESIDENT: The witness spoke of July. Did he mean July 1940?

DR. SAUTER: As far as I know, July 1941.

THE PRESIDENT: You mean July 1941? That was after the war with Russia had begun. The witness can answer for himself, I suppose, can he not?

Did you mean July 1940?

A. The discussion with Rosenberg was at the end of April or the beginning of May 1941, and the foundling of the Ministry Rosenberg was in July 1941.

Q. Witness, now we shall turn to a different point made by the Prosecution. You are accused of having committed as Reichs Minister of Economy deeds which are punishable, dealing with the persecution of the Jews and the elimination of Jews from the economic life. These are the happenings of November 1938. Now I should like to ask you to picture your activity along these lines.

A. I am asking the High Tribunal, as far as this point is concerned, to give me some time for a rather detailed pucture. Then the points which we will treat with subsequently can be dealt with much more briefly. This is the point raised by the Prosecution which really hits me the hardest.

When I took over the Ministry of Economics in February 1938, very soon I received from the Party, and especially from Goebbels and Ley, I received the demand to eliminate the Jews from the economic life, since it was unbearable -- and the assertion was made that way to me -- that people should still have to buy in Jewish stores. The Party could not permit members of the Party to buy in stores like that and the Party was also offended by the fact that high Party dignitaries and their wives were still shopping in Jewish stores. This had created quite a furor in the Party, and in the Labor Front people refused to deal with the managers of Jewish businesses, and there were constant conflicts, and it was also said that there would be no peace and quiet if these measures which had been started on in a small way here and now were not carried out to such an extent that gradually the Jews would be eliminated completely from the economic life.

Through the law for the regulation of national labor, which was written

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under my predecessors and which, in agreement with the Labor Front, had been carried through by my predecessors, the economic life had political and Party functions. The manager or leader of a business was at the same time a representative of the Party and had applications to the State.

Some Jewish managers readily complied with these new measures and sold their enterprises to people at prices which we did not like. I had friends amc the Jewish Leaders of big industry and banking, and I had made private agreemei and had brought about their eliminataion from economic life, but there was no peace to be had, and we had to try at a certain time and in line with legal prescriptions to crowd the Jewish influences out of economic life and to remov them from the economic life completely.

I personally always represented the view that, first of all, the proceedings should be carried on slowly, that it was to be carried on in certain peri of time; secondly, that the Jews were to have an adequate compensation; thirdl; that one might leave certain economic interests in their hands, especially insofar as shares were concerned. I participated in this meeting with Goering the meeting which has been mentioned here so frequently.

Now, while these things were taking place, the happenings of November 9 and 10, 1938, burst upon us. The center of these activities was at Munich, an they really hit me personally very hard. When on the morning of 10 November I came to my Ministry, I saw on the streets and in the windows of the stores the devastation which had taken place and heard further details from my officials in the Ministry. I tried to reach Goering and Goebbels and Himmler, but they were all en route from Munich. Finally I succeeded in reaching Goebbels.

I told him that this terror was an affront to me personally, that through this valuable economic goods which could not be replaced had been destroyed an that our relations abroad, upon which we placed special stress at this time and upon which we were particularly

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dependent at this time, would be disturned markedly.

Goebbels told me that I personally was responsible for this state of affairs, that I should have eliminated the Jews from the economic life long since, and that the Fuehrer, through Reichsmarshal Goering, would issue an order according to which the Jews would be completely eliminated from the economic life and that I would receive further details from the Reichsmarshal. This telephone conversation with Goebbels was confirmed by him later, and witnesses can testify to this point.

The next day, on 11 November, I was informed that there was to be a meeting on the twelfth with Goering, who was the Plenipotentiary for the Four Year Plan, in which the Jewish problem was to be regulated, and the Four Year Plan had given instructions to the Ministry to prepare a decree which was to be the basis for laws dealing with the elimination of Jews from the economic life.

On the twelfth this meeting, which has been discussed here frequently, actually took place. There was a discussion in the morning with the Reichsmarshal, at which the gauleiters were present. The Reichsmarshal was very, very much excited, and he said that he would not tolerate this terror and that he was holding the various gauleiters responsible for that which had happened in their gaus.

After this meeting I was comparatively soothed, but in the meeting which has been read into the record several times Goebbels very soon produced his very radical demands, and he more or less tore the leadership into his own hands.

The Reichsmarshal became more and more upset and peeved, and in this state of peevishness made those statements which are mentioned in the record.

On the whole, the record is full of holes. It is very incomplete. After this meeting, it was clear to me that now, as a matter of fact, the Jews would have to be eliminated from the economic life, and in order to protect the Jews from further terror and the loss of all their rights and to protect them against exploitation and plundering, legal measures would have to put on the statute books.

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I then, as well as the Minister of Finance and the Minister of Interior and the Minister of Justice, gave out measures for the carrying out of these measures. After the transition of the Jewish businesses and Jewish shares were given over to trustees, the Jews was compensated along measures of three per cent, and I saw to it that as far as the Ministry of Economy was drawn into this, these compensations were carried out according to law and that no new injustice was done the Jews.

As far as the extermination of the Jews is concerned, there was no thought of that in any way. Of course, in the meeting, a plan was mentioned briefly that an emigration of the Jews was to be organized, but in the measures of terror and of violence against Jews I personally did not participate. I regretted these measures to the utmost, and I rejected them as sharply and as critically as possible, but the measures for the carrying through of these laws I had to give out in order to protect the Jews against their losing all rights, and the legal determinations which were issued had to be carried through in an orderly manner.

THE PRESIDENT: We will adjourn now.

(A recess was taken.)

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Q Witness, before the intermission, we came to speak about your activity concerning the decrees for the exclusion of Jews from economic life and at the end you told us about the minutes of a session with Goering, of the 12th of November 1938. That is PS-1816.

You have already mentioned that the minutes of that conference were not set up correctly, and that there are omissions in it, but we can see from these minutes that apparently you were instrumental in applying brakes on the measures and you tried to save, for the Jews, one thing or another. So, we can see, for instance, from the minutes, that during the conference, you repeatedly intervened and maintained that the Jewish stores should be reopened. Is that correct?

A Yes.

Q Furthermore, I can see, from the minutes, that you intervened also so that the Jews should be able to keep their shares and interests. That can be seen from a question that you put.

A I have already said before, that up to that conference, I had been of the opinion that the Jews should keep their shares and during that conference I expressed that. It was quite new to me that the Jews should also turn over their possessions of shares and they got Government bonds and were supposed to turn over all their shares and interests.

I had also been against the regulations of that kind because the Government would take over the shares and the utilization of such shares, of course, was very difficult.

Q From the minutes you can also see that Heydrich, at that time, was in favor of bringing the Jews into Ghettoes and you recall that the Prosecution has once mentioned that fact here.

What was your attitude at that time, Dr. Funk, concerning that subject matter by Heydrich?

A I was against Ghettoes for the simple reason that I considered Ghettoes a terrible thing. I had not known any Ghettoes, and I said to myself, "Three million Jews among seventy million Germans -- well, we can let them live without Ghettoes."

Of course, the Jew had to move together more closely, and one would

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have to stay with the other. I also said, during that conference, that the individual Jew, under the conditions which would be created for him now, could not exist alone.

Q In that connection, Mr. President, may I be permitted to point out two affidavits which I included in the document book Funk under No. 16 and No. 3, and may I ask to take official notice of their contents as evidence?

The affidavit No. 3, that is, Exhibit No. 3, in the document book on Page 12 of the German text was made by the wife of the accused, of the Defendant -- page 14 of the English text, my Lord -- and it was offered at the beginning of the trials on 5 November 1945. From that affidavit which I shall give here in substance, we can see that at the time of the perpetrations of November, 1938, against the Jews, the Defendant, together with his wife, and his niece, stayed in Berlin, and besides, that was not Munich where the so-called "Old Fighters" were assembled and where Minister Dr. Goebbels quite suddenly and to the general surprise of everyone, proclaimed the proposals for the Jewish programs.

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Mrs. Funk confirms in her affidavit that her husband, as soon as he heard of such perpetrations, very excitedly called Dr. Goebbles over the telephone and asked him, "Have you gone crazy to commit such outrages? One has to be ashamed to be a German. Our whole prestige abroad is getting lost. Here I am trying day and night to preserve the national patrimony and you throw it recklessly out of the window. If this beastly mess does not stop immediately, I will throw the whole matter overboard." And that was the telephone conversation which at that time the defendant had from Berlin with Dr. Goebbles. And the further contents of that affidavit are concerned with interventions and steps which the defendant took for Jewish acquaintances of his, and in a similar sense, gentlemen, we find in the affidavit by Heinz Kallus, who had been Ministerialrat in the Ministry of Economy under the defendant Funk.

I submitted this affidavit as No. 15 of the document book Funk. It was made out on the 9th of December, '45, and this witness also confirms that Funk, of course, was extremely surprised by these perpetrations and that he got immediately in touch with the competent offices in order to prevent any further perpetrations.

Thus, these affidavits confirmed largely the explanations which the defendant Funk has given himself. In connection with that affair concerning the Jews, I should like to refer to document 3489-PS; I repeat, 3489-PS, which can be found on page 19 of the trial brief against Funk. That is a circular letter by Funk of the 6th of February, '39, published in the Ministerialblatt of the Ministry of Economy of the Reich, and here we find and I quote:

"Just to what extent and what speed one has to use the authorities of the Four Years Plan depends on the orders given by me, according to the directives by the Plenipotentiary for the Four Years Plan."

I quote this because here, again, in an official publication of that time the defendant Funk expresses clearly that, even in

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this field, he only had to pass on and to execute the directives of the Four Years Plan.

Is that correct, Dr. Funk?

A. Yes.

Q Dr. Funk, you have said before that in keeping with your entire past and your principal attitude and in keeping with your entire philosophy, the reproach concerning the elimination of Jews from public life, that you have considered that reproach a very severe one. And in that connection I should like to put to you that during an interrogation in Nurnberg on the 22nd of October, 1945, you have told the interrogating officer --you finally broke into tears and you told him at that time: "At that time I should have resigned. I am guilty." That quotation is a literal quotation which was mentioned in the course of the proceedings once before. Perhaps you can tell us how it came to that remark and that collapse on your part which I believe I can read from that record?

A I came at that time straight from the hospital here into the prison.

Q Dr. Funk, one question--

A I did not know before that I had been accused as a murderer and a thief; I don't know of what else. I was sick for nine or ten weeks, and I came straight from the hospital bed; I was brought here during the night. During these days my interrogations started right away. I have to admit that the American officer who interrogated me, Colonel Gurfein, took care of my interrogation with extreme consideration and again and again he interrupted when I was unable to go on. And when these measures of terror and violence against Jews were put up to me, I suffered a nervous breakdown because at the moment it came to my mind with all clearness that from here on the catastrophe took its course all the way up to the terrible and atrocious things about which we have heard here and about which I knew only in part from the time of my captivity. I felt ashamed and the

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feeling of guilt at that moment and I do feel the same way today, but too late.

I just gave the executive directives to carry out the basic orders and directives that came down to me. That is no crime against humanity. I have merely carried out the will of the state and put that before my inner voice of conscious because I was obliged to serve the state. I considered myself also obliged to act according to the will of the Fuehrer, the supreme leader of the state, especially since these measures were necessary just for the protection of the Jews, in order to save them from absolute lack of legal protection and further arbitrary acts of violence. They were compensated, I felt, and, as it can be seen from the circular letter which you have just quoted, I gave strict directives to my functionaries to carry out these legal measures in a just and correct way.

It's a particularly tragic fact that I was charged with these things. I have said already that in perpetrations against Jews, I took no part. From the first moment I disapproved severely of these and they shocked me seriously. I have done everything, as much as it was within my power, to continue to help the Jews. I have never thought about an extermination of the Jews. At that time I did not participate in any way in these things, as far as these happenings are concerned.

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Q Dr. Funk, you have just mentioned that you had not thought of an extermination, that is, an annihilation of the Jews. I should like to refer to a document which has been quoted before 3545-PS, which at the time had been submitted by the Prosecution and that, as you may recall, is the photostat of the "Frankfurter Zeitung", of the 17th of November 1938. That is of an issue which appeared after the incidents, the happenings with which we are now concerned. In that issue of the "Frankfurter Zeitung", a speech held by you was published, which was concerned with the legal measures for the exclusion of Jews from German economic life and you certainly recall that the prosecutor, in his presentation of the 11th of January 1946, has accused you, and I quote: "That the economic program, the program of economic persecution of the Jews were merely a part of the large program of extermination". And that is in conformity with a remark in your trial brief, where it said, and I quote: "It was merely a part of a larger program of extermination of the Jews." Now, in all the proclamations which were issued by you during that time, I find no reason to think that you agreed with an extermination, that is, an annihilation of the Jews or that you had demanded such. What can you say about that opinion of the persecution?

A Never through all my life, neither orally or in writing, have I ever demanded an extermination of the Jews or made any statement of the kind. Apparently this expression by the prosecutor, in my opinion, is only based on imagination or a temperament with which he viewed these things. I myself have never suggested the extermination of the Jews and of the atrocious happenings which have been mentioned here, I did not know anything and I had nothing to do with it; and later, even as much as I recall, I have never taken part in any measures against the Jews since these things were no more in my province of work; with the exception of those legal measures, I do not believe that in all my work, in my position, I had done or caused anything that had anything to do with Jewish matters.

Q Is it correct, Dr. Funk, that in connection with the carrying out of these directives which you had to issue, that you yourself intervened for a large number of people, of individuals who at that time had to suffer

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from these directives and who approached you personally for aid and that you did so that in this way the execution of these decrees could be moderated?

A Yes. I had seen to it that these decrees were handled in a fair way and according to the basic laws but, of course, the carrying out of these directives was not so much a matter to be taken care of by the Ministry but it demanded a great deal on the attitude of the government officers and Gauleiters and offices dependent on Gauleiters, and many complaints have reached me about the manner in which aryanization was carried out and my assistants will confirm that in every single case where I was informed about persecutions, I intervened. I even dismissed an official in that department when I heard about the incorrect way in which matters were handled.

Q Why?

A Because these incorrect ways occurred. As I have said before, I have done everything in my power to aid the Jews in the way of foreign currency and also in carrying out these directives, I did everything in my power within the framework of whatever was possible to modify them.

DR. SAUTER: Mr. President, this question as to how Funk in fact stood as to the carrying out of these decrees and how he himself as an official disapproved of them, that question I also treated in an interrogatory which was sent to the former State Secretary Landfried. That interrogatory was returned some time ago but we found out that a wrong interrogatory had been sent out and the correct answer had been received on Saturday. It is now in translation and I assume that these answers in the right interrogatory which are the answers by the State Secretary Landfried, will be submitted in the course of the day and that it will then be submitted as document No. 16 of the appendix, Exhibit No. 16. I assume, however, that you will

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approve if I sue the answers of the witness Landfried now in connection with this. Landfried was from 1939 to 1943 --

THE PRESIDENT: Has the prosecution seen the document?

DR. SAUTER: Yes.

MR DODD: We haven't seen this document. We have seen the German text. I don't read German and I haven't had an opportunity to read it. It hasn't been translated.

THE PRESIDENT: The document can be submitted after the prosecution had seen it. You needn't submit it al this moment. Have you any other witness or not?

DR. SAUTER: Not for that.

THE PRESIDENT: No, no, but are there any other witness at all?

DR. SAUTER: One witness, Dr. Heidler, but for other subjects.

THE PRESIDENT: I presume the defendant will be cross-examined.

DR. SAUTER: I beg your pardon

THE PRESIDENT: Presumably the defendant will be cross examined.

DR. SAUTER: Yes.

THE PRESIDENT: These documents will be translated by then.

DR. SAUTER: Yes. Mr. President, if you so desire, then I will have to submi that document later, separately.

THE PRESIDENT: Yes.

BY DR. SAUTER:

Q Dr. Funk, I come now to a reproach which, according to my knowledge, has not been mentioned in the trial brief yet and that is the problem of Occupied Territories. That is the question of exploitation, of plunder of Occupied Territories costs of occupation, clearing agreements, stabilization of currency and such. The prosecution asserts that you had actively participated in a program for criminal plunder of Occupied Territories. That can be found on page -- this is the record of the proceeding of the 11th of January 1946; that accusation is not further specified, but during the session of the 21st of February, page 4770 -- I repeat, 4770 of the German transcript -- there is reference made to a decree of the Reichs minister for the Occupied Eastern Territories, the defendant Rosenberg, and that decree was submitted by the prosecution on No. 1015-PS, and it represents the copy of a decree by the Minister for the East Rosenberg to the Reich Commissars in the

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Occupied Eastern Territories. The decree tells the Commissars about the task of the "Special Staff Rosenberg" for securing of cultural property; as such, may I assume cultural treasures, with such cultural treasures, the Reich Minister for Economy had nothing to do but we can see that that letter -- and that is very peculiar -- from that letter of Rosenberg of 7 April 1942, that the letter did not only go to various other offices but also to you; that is to say, to the Reich Ministry for Economy and from that fact alone, apparently from that fact alone, the Soviet Prosecutor has accused you that you had actively participated in the plunder of the Occupied Territories. I had to explain the connection to you in such detail so that we know what we are confronted with and maybe you can speak only briefly about it.

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A. Up to the time when these proceedings started, I didn't even know what the Einsatzstab Rosenberg, the Special Staff Rosenberg, was, what its task was, what its extent was. I have mo knowledge that the Ministry of Economy had anything to do with the safeguarding of cultural treasures. I can't say a thing to it.

Q. You can't say anything about this point, about the Einsatzstab Rosenberg?

A. About the policy in the occupied territories I can say a great deal.

Q. Then, Dr. Funk, in the interrogatory of Dr. Landfried which I have mentioned before, there wer five or six questions concerning your attitude on the economic policies in the occupied territories as he knew it. Then, I put questions to him as to whether you had given directives to the military commanders or the Reich Commissars for the occupied territories, or to the chiefs of the civil administration in Alsace-Lorraince, Furthermore, I asked whether it was right that economic directives for occupied territories also did not come from you as Reich Minister for Economics, but from the Plenipotentiary for the Four-Year Plan. Then I put questions concerning your attitude on the question of exploitation and plunder of occupied territories, particularly in the West, about currency policies, devaluation of currency, and other such things.

Now, D.r Funk, I cannot use the statements by the witness Landried at this moment, and that is because, by a mistake made by the particular office, the answers from Landfried arrived only last Saturday. Will you please, since this is your personal testimony, add anything to these questions, or would you like to refer to whatever I shall submit to the Tribunal as soon as I have received translations?

I put this question to you because this is practically the last opportunit for you torefer to that chapter.

A. I should like to state my position on various questions, but the details of these problems will naturally be better explained by the State Secretary than by myself.

Concerning the directives to occupied territories, the Reichsmarshal, as

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well as Reichsminister Lammers, have stated here that I, as Reichsminister for Economy, had no authority to issue directives. The Reichsmarshal, during his testimony, stated -- and I marked it down:

"As to the directives and the economic policy of the Minister for Economy and Reichsbank President Funk, for these I only was responsible."

And concerning the occupied territories, he also said that if I gave special directives which had to do with the ministries and the offices in occupied territories, then they came from the general directives of the Reichsmarshal, were based on them, and as he said, they were based on his personal responsibility.

Conditions were such that directives to the occupied territories, in the economic field, could only begiven by the Plenipotentiary for the Four-Year Plan. The carrying out of economic policy was the task of the military commanders or the Reich Commissars who were directly subordinate to the Fuehrer. As far as the military commanders were concerned, as well as the Reich Commissars, they had under them officials for the various departments. Among them, of course, were also officials from the Ministry of Economy and the Reichsbank. There were even people ffom private industry who were active with them, and there was, of course, close cooperation between the offices of the military plenipotentiaries and the Reich Commissars and the various departments back home, with the exception of occupied territories in Russia where the Reich Commissars were subordinate to a special minister, that is, the Reich Minister for the Occupied Eastern Territories. There, therefore, there was a special regulation, but if we in the Ministry wanted to have anything done by the military commanders or the Reich Commissars, we had to ask them for it or we had to get a directive from the Plenipotentiary for the Four-Year Plan.

The same applies to the chiefs of the civil administration, such as in Alsace-Lorraine, and in other territories where they were, and here also, departments such as the Ministry for Economy and the Reichsbank had no direct authority to issue directives.

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However, I want to emphasize again that of course close official co-operation and traffic existed between the offices in the occupied territories and the respective departments back home.

I myself -- and witnesses are going to confirm this, in interrogatories and in person -- tried as hard as I could to save the occupied territories from exploitation. I fought a desperate fight indeed, a desperate struggle for the maintenance of a stable currency in these territories, because again and again it was suggested to me that I reduce the exchange rate in the occupied territories so that Germany could buy more easily and more cheaply in these countries, and I did everything that could be thought of to maintain economic order in these territories.

In one case, in Denmark, in opposition to all other departments I even succeeded in carrying through an increase of the exchange rate of the Danish krone, because the Danish National Bank and the Danish Government, for good reasons, asked for it.

I opposed the increase of the cost of occupation in France as well in 1942 as in 1944. The memorandum of the Reichsbank for the stabilization of the cose of occupation, which I caused, was quoted here by the American Prosecutor.

It was not the Minister for Economics who was competent, but the Minister of Finance, the General Quartermaster, that is,,the highest positions in the armed forces, and in the case of France and Denmark and other countries, also the Minister for Foreign Affairs.

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Therefore, I did whatever I could possibly do to keep economy in occupied territories in good order. I was successful finally in making the Reichsmarshal issue a decree, which prohibited all German officers from buying on the black market; but that occurred after it had come to pass that in many territories many had sinned against that.

In that connection I wanted to emphasize also that for the maintenance of order in the occupied territories it was necessary that the social life should not be disturbed; and that, therefore, as a matter of principle I had always been against the forced deportation of foreign workers from the occupied territories to Germany.

In a meeting with Lammers, which has been mentioned here, I expressed -- and my State Secretaries will be able to confirm that -- that it was clear to me that Sauckel was in a very difficult, indeed, desperate, situation. Again and again he demanded manpower for German economy. But I, myself, and particularly after I had turned over the entire armament production to Speer and entered into the Central Planning, I had not only no more interest, officially speaking, that workers should be brought to Germany from abroad, but, on the contrary, I had a great interest to see that th e workers remained in the occupied territories.

The production of consumers goods had been transferred to a large degree into these territories, and particularly for that reason, as the Minister who was responsible for securing consumers goods for the population, I had a great interest to see that in the occupied territories orderly work should be done and no economic or social disturbances should occur.

I believe, however, that it will serve the purpose better that my two State Secretaries and the vice president of the Reichsbank should make their statements on this problem, because, with the carrying out of these principles and policies, they had more to do than I.

If I am accused now that with the aid of the clearing arrangements we plundered occupied territories and other countries, I can only say that the clearing arrangement was not introduced by us first in connection with the occupied territories or during the war, but that that was the normal way of trade between Germany and her business or trade partners, a system which had been forced upon us when -- and that has been pointed out by Schacht -- when other nations resorted to it, to use the results of German exports for payment

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of German debts.

At all times, however, I have always emphasized that the clearing debts were real debts for merchandise, and that is important. I have said again and again that each clearing debt is a true debt of Germany and it will be repaid at the purchase value which was necessary at the time when these obligations were taken. That especially I had stated in my last speeches in Vienna in March of 1944, and in Koenigsberg in July 1944, in detail and as clearly as possible.

Beyond that, concerning the clearing debts I made the suggestion that after the war that debt should be transformed into a European bond, a loan, so that it should not remain on the narrow platform of a bilateral arrangement but should be actually commercialized, from which it can be seen clearly that I considered that clearing indebtedness necessary as a true debt, such as arises from shipment of merchandise, so that the nations who had such demands on Germany could be satisfied after the war.

It was necessary -- and that I will emphasize -- that this should be taken care of at the same rates that existed at the time when that debt occurred. If, however, in peace treaties, countries would have had to pay reparations, if any such thing would havecome up, then these reparations of course could only have been paid in merchandise. Then, reasonably, it would have been necessary to establish a relation between the German debts and German demands.

But I never left any doubt that the clearing debt was to be considered as a true debt. That is why I have to reject the accusation that withthe aid of the clearing I intended an exploitation of the occupied territories, and even stronger I have to reject the accusation that I was also responsible that the

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occupied territories suffered from tremendous expenses, such as the expenses for the occupation expense for the occupation troops. I can prove that I have always objected against these charges against occupied territories, and the witnesses who will still testify can confirm this.

DR. SAUTER: Mr. President, the defendant has referred to two speeches before, which he held in Vienna and in Koenigsberg. These are two addresses which are concerned in part with the subject of the treatmebt of clearing debts, and deal also with the favorite subject of the defendant Dr. Funk, that is, a European economic community between Germany and her neighbor nations, that is to say, an economic community on the basis of full equality.

In the interest of saving time, may I ask that you take judicial notice of these speeches, the content of which we have mentioned, the defendant and I. That is, the speech at Vienna of the 10th of March 1944. It is Number 10 in my document book, and the speech held in Koenigsberg at the occasion of the 400th anniversary of the University in his home town, the 7th of July 1944. I repeat, 7th of July, 1944. In my document book it is Number 11, Funk Number 11.

MR. DODD: Mr. President, if this document number 11 is offered by the defendant for the purpose of showing what this defendant's policy was toward the occupied countries, I think it is proper for me to point out that the speech did not refer to the occupied countries but rather to the satellite states of Germany.

DR. SAUTER: Furthermore, I point to document 3819-PS, which has also been submitted by the Prosecution. That is the minutes which the defendant has mentioned before of the meeting with Minister Lammers on the 11th of July 1944.

According to the minutes, the defendant Funk was present at that meeting and mention is made of him only in one sentence, and I quote, on page 8 on the bottom:

"Reichsminister Funk expects considerable difficulties of inconsiderate raids, difficulties of production in non-German territories."

This sentence of course, if it is taken from the context, is hard to

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understand, but if one considers the entire connection, one can see that the defendant Funk wanted to warn against violent action in the recruitment of foreign workers for German production and for German armament. He warned against any violent action, against raids, Razzien, as it is called in the protocol, because thereby, in his opinion, production in the occupied territories had been seriously disturbed.

Then, Mr. President, may I mention another document. That is Document 2149 - PS, and it contains the following:

"An expert statement by the Reichsbank of the 7th of December 1942 concerning the question as to whether the expenses for the French occupation troops should be increased or not."

May I say that the cost of occupation was increased, but not upon the suggestion made by the defendant Funk, but in spite of his protests, And that expert opinion to which the defendant Funk has referred before, and which I have just quoted, was written on the 11th of December 1942. In utmost detail it presents the reasons why Funk and his Reichsbank very definitely protested against any increase in the cost of occupation.

In that connection, may I be permitted to ask the defendant Dr. Funk concerning the cost of occupation in Greece.

BY DR. SAUTER:

Q Did you hear the testimony by the witness Dr. Neubacher, who was ambassador in Rumania and Greece, and who confirmed that there, also, you tried to reduce the cost of occupation?

THE PRESIDENT: Are you going to be much longer?

DR. SAUTER I believe that I have to put some more questions. I think it would be better if we adjourned now.

(A recess was taken until 1400 hours.)

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Official transcript of the International Military Tribunal in the matter of the United States of America, the French Republic, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics against Hermann Wilhelm Goering et al, Defendants, sitting at Nurnberg, Germany on 6 May 1946, 1400-1630, Lord Justice Lawrence presiding.

THE PRESIDENT: The Tribunal will adjourn this afternoon at half past four.

WALTHER FUNK - Resumed

DIRECT EXAMINATION -- Continued.

BY DR. SAUTER:

Q. Professor Funk, I would like to return to the question of the so-called plundering of the occupied countries. You as Reichsminister of Economics, which you were at the time, can certainly give us information as to how, in your opinion and from your observation, the productivity of the occupied countries and their production were for Germany and her carrying on of the war.

A. The achievements of the occupied countries for the joint carrying on of the war were without doubt of great significance. As far as the occupied countries are concerned, I considered the occupied country together with the total German economy; I considered it as a joint community of production for the carrying on of the war, a joint effort for the bringing about of a new order in Europe. Even in the occupied countries, the same basic economic principles applied and were maintained, in the occupied countries as in Germany herself.

Then in the year 1944, I had statistics gathered to show just how much the occupied countries had produced in the years 1941, 1942, and 1943, and just how much they had contributed to the joint effort. The figure I arrived at was 90-billion Reichsmarks. That certainly is an extraordinarily high figure. Of course, in this connection, one must take into consideration the fact that the currencies of the various countries were figured in Reichsmarks. That is, the decreased purchasing power of these figures cannot be expressed. In truth, therefore, the achievement of the production is of a smaller extent than these figures would show.

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At the same time, Germany, on the strength of her entire production -- about two-thirds, that is-- raised about 260-billion marks. This sum was raised by Germany; in other words, almost three times as much as the occupied countries raised.

Especially in the case of France, I succeeded, as far as finances and the monetary system were concerned, practically until the time of the invasion, in regulating and stabilizing the currency system, in such a way that French finances at the end of the German occupation were much healthier than German finances, and that France, if those circumstances had not taken place which actually did arise later on, would have been able to reconstruct her financial system on a healthy basis.

My statistics are confirmed to a certain degree by a document which was submitted here. This is document R.S.22. This is a document which deals with French deliveries to Germany. It is an official report to the French Government about forced labor in France.

In this report, there are tables on pages 38, 39, and 40 which reproduced the figures which show French delivereics to Germany and the importance they had in the entire French production. These figures show that out of the entire French production with which we are dealing in these three years, on the average, 30% to 35% was sent to Germany for the joint carrying on of the war. These figures in some aspects, and especially those figures which deal with the welfare of the French economy, such as textiles, gas, electricity, and so forth, in some cases average only 5% or 6%. But that, to someone interested in social problems, if he does not look at these matters from the point of view of the carrying on of the war, but from a siphoning off of 35%, is important, and would bring about stronger repercussions for the entire economy as far as the Russian areas are concerned.

I have no specific figures at hadn upon which I can base my conclusions. As far as the war economy is concerned, indeed, my ministry was eliminated entirely from these problems; but we did make efforts to have certain factories and firms active who at their own risk could buy and sell in these areas.

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In other aspects and spheres I did not participate in the managing of thes regions. I was chairman of the supervisory commission of the Continental Oil Company, which was active in these regions at the responsibility of the 4-Year Plan. But I personally was only in a supervisory and financial capacity for this company.

Q. Mr. Witness, at the end of this morning's session, you spoke about the so-called Central Planning Board, a body about which we have heard a good deal; and you set forth thoroughly but briefly that you as a minister of economy had no interest in the fact that foreign workers would be transported to Germany, no matter whether for armament or other purposes.

Do I understand you correctly?

H0124-0044

A That applies to the time I entered the Central Planning Agency.

Q When was that?

A I entered the Central Planning Board in the Fall of 1943.

Q Autumn of 1943?

A Yes. And for the first time on the 22nd of November, I attended a session of the Board. At that time, for a fact, I did not only have no interest in having foreign workers brought to Germany but as far as the economics of the thing was concerned I was interested in having the workers remain abroad, for in the occupied countries the production of consumer goods had grown so that this production, that is, French production or Belgian production, could work without being hindered, for the German populace. I was interested in not having the workers carried away, and especially was I against the fact that they be taken by force, for in that way the entire social order would be disturbed.

Before that time, as Minister of Economics, I was interested in seeing that the German economy had workers, but these questions were not dealt with in the Ministry of Economics but either in the Four-Year Plan where a General Plenipotentiary for Labor had been active, since the beginning --

THE PRESIDENT: Surely we heard all this this morning. It was all given this morning.

DR. SAUTER: In connection with the Central Planning Board, perhaps I might refer to one more document, Mr. President.

Q And that is Witness -- and please confine yourself to this letter only -- a letter which you wrote at that time to Field Marshal Milch and a letter which was produced I think by the French Prosecution under No. RF -- for the Republique Francaise --675. This document was submitted under that number, and it is that letter, Mr. Funk, in which you apologized for the fact that you participated so very infrequently at the meetings of the Central Planning Board. And at that time you sent two experts from your Ministry to the session. One of them was an expert in social welfare -- as deputy of your State Secretary, Dr. Hayler, who will be heard on the witness-stand here later, participated at this meeting and in his place Ohlendorf attended.

H0124-0045

This man, Ohlendorf, you have already seen and heard in the witness-box. I should be interested in knowing, therefore, just what functions this Ohlendorf had, who ostensibly belonged to your Ministry.

A As far as the negotiations of the Central Planning Board were concerned, on the whole I was interested only in the fact that as far as the export trade was concerned, the necessary raw materials would be allocated to it, and Ohlendorf and two other experts were to be there for that purpose. Ohlendorf was brought into my Ministry with Dr. Hayler. Before that I had known Ohlendorf but vaguely -- met him at one or two meetings. I had had an extraordinarily favorable impression of him, for he ad an extremely clear head, and his thoughts were expressed in a most impressive way; Before that time I didn't even know that Ohlendorf had another position in the main Reich Security Office, for when I met him I knew him as a manager for an organization of which Hayler was the director and Ohlendorf was his manager, and I knew him and met him as such. Therefore, I had no objections to Ohlendorf being brought into the Ministry and to his taking over that sector which corresponded to his private and professional life, the province of trade and consumption.

Then through Hayler I came to know that Ohlendorf was active also in the Reichsicherheitsamt --main security office --or whatever the name was, that he was active in the S.D. service; but took no exception to this activity, for I did not know about these activities; I was not convinced that anything was taking place which was not bearable -- or tenable -- to our Ministry. And he was active chiefly in the Group Handel -- Group Trade. As far as I know, he was in the Reichsicherheitsamt only as a sideline. First of all, when I found this, I was surprised in an embarrassed way and when I found out especially about the instructions and missions which he had with the special staff in Russia, whatever the names were -- about this activity of Ohlendorf -- I had never heard one word about these activities. He himself never mentioned these things to me and up until the period of time I just mentioned I did not know what were the

H0124 -0046

missions of these special staffs.

Ohlendorf talked about his activity in the SD and Hayler can corroborate this -- Hayler, who knew him much more intimately than I did.

As far as this activity of Ohlendorf is concerned, which he had been carrying on for years prior to this date, I did not know of it, and I was very hard hit when I found out that this man had been working in that capacity.

Q Mr. Witness, I must ask you to define your position toward the testimony given by another witness, a witness who was here in this Tribunal, and that is the witness, Dr. Blaha, who in this court room mentioned the conditions in the concentration camp at Dachau and testified as to the conditions there, who among other things said -- as you probably will recall -- that in and around Dachau it was common talk that at one of these official visits of the day the Reich Minister of Economics, Dr. Funk, had been present also. As you recall, this witness replied to my question that he actually had not seen you, but that your name had been mentioned in this connection by other inmates. My question is, Were you ever at Dachau or at any other concentration camp?

A No. I was neither at Dachau nor in any other concentration camp.

Q Can you say that with a clear conscience under your oath?

A Yes.

Q The witness, Dr. Blaha, has also testified to the fact that this inspection of Dachau took place in connection with a discussion among the Finance Ministers which had taken place at Berchtesgaden or at Reichenhall or somewhere in that vicinity. Therefore, I am asking you, Did you ever participate in a meeting of such Finance Ministers, ever, or at the time which Blaha alleges you were there?

A No, I never participated in any such meeting of Finance Ministers, for I was never a Minister myself. And at thattime I did not participate in international discussions at all.

Q Dr. Funk, as far as your health is concerned, this is not a good day for you. You have complained about terrific pains, such as you are suffering today, and consequently I do not wish to put any further questions to you, except one in conclusion which I am sure you will be able to answer briefly. The question is: Why did you remain in your office as Reich Minister

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of Economics and as President of the Reichsbank until the very end?

A I considered myself obligated to remain in this position as long as I could, in order to serve my people and to be of use to my people. Just in the last few years of the war my position was a very difficult one; a strong disorganization came into administration and I had to take great pains in order to take care of the people, especially those who had been damaged by bombs, and to supply my people with consumer goods. I had to take great efforts at all times to protect supply depots from intervention and interference by the Gauleiters. In the case of one Gauleiter, I had to get the police after him.

And this maxim of a scorched earth policy which the Fuehrer had decreed, I did not follow, so that even after the occupation by the allied powers all the supplies of consumer goods which were left could be used by the German people. I had had a directive from the Fuehrer to give out a decree according to which the acceptance of invasion currency would be high treason and should be punished by death, but I did not issue that decree, and I made all efforts to prevent State property and State money from being disturbed. Needless to say, I saved thegold deposits and other deposits of the Reichsbank which were in dire danger. Briefly, I had the duty up until the last minute to stay in office and to remain until the bitter end.

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-- And especially since we Germans had experience in the Morgenthau plan, the German people would be brought back into a nation of poverty; that industry would be destroyed; that would have meant the extermination of 30 million of Germans. And especially since Churchill had declared personally that the German people would suffer from hunger, and I wanted to prevent the breaking out of famine. Therefore, for me and for every sincere German there was only one thing possible and that was to remain at his post until the end and to do everything within his power to order to prevent and avert chaos.

I never had any talent to be a betrayer or a conspirator but I always loved my fatherland with a warm heart and I loved my people as well, and up until the end I tried to do everything possible to serve my country and my people and to be useful to them.

DR. SAUTER: Mr. President, perhaps in connection with this alleged visit to a concentration camp I might say, sir, there was a questionnaire exhibit which we have received from a witness, Dr. Schwedler, and which is found in the supplementary volume for the Funk case and is known as Number 14; this affidavit and the contents of which I would like to have you take official notice, concerns in its broad outlines that the witness Dr. Schwedler since the First of February, 1938, was the daily companion of Dr. Funk; that Dr. Funk never visited a concentration camp, and that the witness would have to have knowledge of such fact if it were true. Adn with these words, Mr, President, I have concluded my direct testimony and questioning of the defendant Funk. I thank you very much.

THE PRESIDENT: Do any of the Germans' Counsel wish to ask questions?

You seemed to refer to an affidavit. You said you were referring to Dr. Schwedler's affidavit which you said was Number 14 in your supplementary book. We do not have it in ours.

THE INTERPRETER: I beg your pardon, Mr, President, it

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is Number 13. I misspoke. Correction: Number 13. Number 13. Dr. August Schwedler. It is a questionnaire. 13.

BY DR. NELTE (counsel for defendant Keitel):

Q Mr. Witness, I have one question which I would like to put to you. The prosecution has accused the defendant Keitel as chief of the OKW and you as Minister for Economics with General Frank, Plenipotentiary for Administration -- has joined the three of you in an accusation in connection with the Reich defense law of 1938, and the incumbents of these three offices are mentioned, and without doubt they probably exerted certain functions which might be of significance. The prosecution in this connection talk about a three-man college with a tremendous significance and authority in connection with the planning and preparation of aggressive wars. Now I should like to ask you, was there such a three-man college? And if so, what were the functions of these three offices which are mentioned, according to the Reich defense law?

A In the German administration it is not surprising if

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the prosecution in this point is wrong, is in error. I myself never heard of this three-man committee or three-man college up until this proceeding came about.

I did not know that I was supposed to have belonged to such a triumvirate or college of three. There were on the basis of the Reich defense law coordinating authorities for the Chief of the OKW, for the General Plenipotentiary for Administration, as well as for the General Plenipotentiary for Economics. These three could deviate from the defense laws, could give out directives upon which they had to function directly.

But these were directives of a subordinate nature which on the whole applied only to the sphere of activity of the men involved. The giving out of laws of more special significance was carried out by the Ministerial Council for Reich Defense; but that of course only applied to the circulation problem later on. I believe there were only four or five meetings of this body.

There were three decrees by the Fuehrer, and the third decree was the regular way later on of issuing laws, and the decree given by the Fuehrer originated with the Fuehrer personally, and the personalities involved were only advised.

To all intents and purposes the three-man committee is only a fiction.

DR. NELTE: Thank you. I have no further questions.

BY DR. DIX (counsel for defendant Schacht):

Q Dr. Funk, as to the law for the regulation of national labor which was mentioned by you, you said that that was issued under your predecessor. You spoke about "my predecessor."

A No, I said my predecessors; plural.

Q Can you tell the Tribunal under whose authority that was issued?

A This law was issued under Reich Minister for Economics Dr. Schmidt, if I can remember correctly. And the subsequent agreement with the German Labor Front in part took place under Schacht's activity. And I would like to call your attention to the so-called Leipzig agreement.

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Q Then you also mentioned that under Schacht's term of Plenipotentiary for War Economy, for this one office the witness denied the existence of this office and Schacht did the same thing. Which office did you mean? Can you describe the office that you mean?

A It wasn't an office in the sense as it might have been interpreted here. It was a committee of experts of the various departments which, according to the Plenipotentiary for War Economy, who was Schacht, or later by me, was led. Under Schacht's term of office it was Wohlthat and in my term of office it was Posse.

Q The former State Secretary of Schacht?

A Yes.

Q Is it now identical with the Labor Committee which originated on the basis of the old Reich defense law and which existed before 1933?

H0124-0052

A That I am not familiar with.

Q In any event, this working committee of the various departments together with the OKW.

A Yes, with the OKW, Ministry of the Interior, and later, with the participation of the Four Year Plan representative.

Q And the expert for Schacht under Schacht's term was Dr. Wohlthat,/

A Yes, as far as I know.

Q Then one more question. You mentioned a triumvirate and the activity as described by you is after Schacht's time, I believe.

A Yes. But there was no activity. I never participated in any session of the so-called three-men college.

Q You said it was a fiction.

A No meeting ever took place. No meeting of these three men ever took place.

Q Yes, you said it was a fiction.

DR. SERVATIUS: Attorney Servatius, on behalf of Sauckel.

BY DR. SERVATIUS:

Q I have a question regarding the wages of foreign workers. Did Sauckel, as far as the transfer of the wages were concerned, take special pains in that connection? Do you know anything about that?

A Yes. Sauckel, like the Reichsbank and the Reich Ministry for Economics, insisted very frequently that on a large scale there would be transferring of wages to foreign countries. As a matter of course, we were in a difficult position here, especially since in the Southeastern European countries the currencies had been devaluated strongly, and the purchasing power of the currency that obtained there had sunk, whereas I stuck to the stable course of exchange so that I would not strengthen any inflationary tendency and bring about entire chaos as far as currency was concerned. Therefore, in addition to the regular wages, we had to give additional payments to make up for the devaluation of the money in other countries. All inall, large sums were transferred. I would estimate th ese sums to be at least two billion Reich Marks.

Q What do you know about the fact as to whether Sauckel tried to do something for the clothing of foreign workers? Was anything done?

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A He took great pains in this direction, and this was a special blow for the Minister of Economics, because this ministry had just a few raw materials at its disposal which had been allocated to it by the Central Planning Board. It had to take care of the population, and through the always growing number of people who were damaged by bombs, more and more demands for supplies were made to us. But, in spite of that, we tried to comply with the demands of Sauckel, but of course we could not grant them in their entirety.

Q In what scope was clothing material delivered? Do you know any figures about that?

A No, I don't know.

Q Do you know anything about the attitude of Sauckel to Himmler? According to the Prosecution, he collaborated with Himmler.

A I remember one special even when, with my foreign exchange and gold deposits, I had fled to Thuringia to a subterranean hideout. In the evening I called on Sauckel, at which meeting State Secretary Keppler, who has been mentioned here frequently, was present also.

In the course of the conversation Sauckel and Keppler came into a terrific dispute about Himmler. Sauckel accused Himmler in a very unequivocal way that he was the destroyer of administrative unity in Germany; that he was carrying the main guilt for the disorganization which had taken place in German administration, for through the SS he had created a state within a state. Sauckel said further: "How can the people keep discipline if the top men of the Reich themselves cannot keep discipline?"

Q I have no further questions.

D. KUBUSHOK: Dr. Kubuschok, on behalf of von Papen.

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BY DR. KUBUSCHOK:

Q Is it true that Hitler, after the speech at Marburg of von Papen in June of 1934, asked you to go to the Reichspresident von Hindenburg, to his country estate in Neudeck and to tell him the following:

The Vice Chancellor von Papen, because of his prohibition of his speech, he had asked for his resignation. This resignation would have to be granted, because von Papen through his speech at Marburg was guilty of a gross error against the Reich Cabinet.

A If the Reich President von Hindenburg was at his estate at Neudeck he frequently invited me to visit him. I have already mentioned that I was on friendly and familiar terms with him. A visit like this was imminent when the matter of the von Papen speech at Marburg arose, and the Reichsmarshal suggested to the Fuehrer, as far as I recall, to have me instructed along the lines to tell the Reich President about this matter.

The Fuehrer then did this, and I told the Reich President only that there was a conflict between the Fuehrer and von Papen, and that conflict had arisen because of this speech. I did not know the contents of this speech, since the publication of this speech was in effect. Then the Reich President replied only, "If he cannot keep discipline, then he has to be prepared for the consequences."

Q Thank you very much.

DR FRITZ: Dr. Fritz, on behalf of the defendant Fritzche.

BY DR. FRITZ:

Q Witness, when and where did you meet you co-defendant Fritzche?

A When he was active in the Propaganda Ministry -- he was in the press section -- one day he appeared before me and wanted money, and I granted this money to him.

Q That was in what year?

A That must have been in 1933 or 1934.

Q When he came to you, did you know what position he had in the Propaganda Ministry at that time?

A I knew that he was in the press section.

Q Was this a leading position which he had? Was he an editor, or

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was he leader of a division ?

A No. At that time the leader of this department was Dr. Hanke.

Q Could you observe that Fritsche worked together with Dr. Goebbels, worked with him very closely?

A Dr. Goebbels had discussions daily with his experts. I never was called in to attend any of these discussions, and this was carried out by an expert, Dr. Hanke. But since Fritzsche was not the leader of a department I assume that he was not called in to these discussions either, because these discussions were mostly for the heads of departments, as far as I know, but certainly not Fritzsche.

Q According to your knowledge in your capacity as State Secretary at that time, he did not belong to the closer collaborators of Dr. Goebbels, if I understood you correctly. He was not one of the close collaborators.

A At that time I do not believe so. What took place later, that of course I don't know.

THE PRESIDENT: The Prosecution?

CROSS EXAMINATION

BY MR. DODD:

Q Mr. Witness --

A Yes.

Q We have listened to your testimony since late Friday afternoon, and, as we understand it from your statements, you admit none of the charges made against you in the Indictment in any degree, with possibly one exception. I am not clear as to whether or not you were making an admission this morning with respect to your part in the persecution of the Jews. Would you tell us now whether or not you intended to admit your own guilt or the part that you played in the persecution of the Jews?

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A I said this morning that I had a deep sense of guilt and a deep sense of shame about that which took place towards the Jews in Germany, and that, at that period of time when the terror and violence began, I had a strong conflict with my conscience. I felt that a great injustice was being done in respect to the accusations levelled against me here in the indictment that I was guilty of crimes against humanity, that I carried out and gave out some laws or signed some laws which had been transmitted to me from above. Since these laws had to be carried through so that the Jews would not be entirely without protection, and so that they would be able to have some protection, I am admitting a moral guilt and a guilt against myself, but not a guilt that I signed the laws — not a guilt against humanity.

Q That's right. That's what I wanted to establish.

You also told the Tribunal, I think you used the expression "often at the door but never let in", and I understand that in your own judgment, you were really a little man in this Nazi organization. Is that so?

A Yes . . .

Q That's an answer, you might want to explain it later, but for the present, that will be sufficient.

A May I give an explanation to this. I wanted to state that among the duties I had, there were always superiors who made the final decision, and that applies to all my duties with the State.

Q Well, let's both examine some of the evidence, and see whether you were always subordinated and always a little man who didn't get in.

First of all, there's one matter that I do want to clear up before going into the general examination. You recall when Defendant Schacht was on the stand, he told the Tribunal that after he left the Reichsbank he had an office in his apartment, is that so?

A Yes, he said that.

Q Now, of course, you have told us, on other occasions, that he continued to have an office inthe Reichsbank. Is that so?

A I don't know whether I said that and where I said that, but it may be. I was advised, at that time, after he had resigned, that he was still coming to the Reichsbank rather frequently, and that a room was reserved there for him and beyond that, he still had some personnel. His secretary, which he had taken away from the Reichsbank was still with him.

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Q You told us, on another occasion, that he had an office in the Reichsbank where he worked on certain bank data and where he still kept in touch with you every now and then. Isn't that so? Do you remember telling us that or not?

A No, it wasn't that way.

Q You couldn't remember, perhaps I can help you a bit. Do you remember being interrogated by Major Hiram Gans on June 2, 3, and 4 of 1945? Do you remember that? You know who was there — Goering was there, von Krosigk was there . . .

A Yes.

Q Alright. You were asked this question. Preceding this answer there were some questions.

Question: "Did Schacht retain any Governmental position after his dismissal as President of the Reichsbank?"

Goering answered: "Reich Minister."

Question: "Did he have any functions?

Goering again answered: "He remained Minister without Portfolio."

Another question: "Were there any Cabinet meetings which he attended?"

Goering answered: "I cannot remember any Cabinet meetings at that time.

Then Funk spoke: "Schacht, after his dismissal, kept an office in the Reichsbank where he worked on statistical data of the Reichsbank and where he still kept in touch with me every now and then."

Question: "How long did it last?"

And you answered: "After Schacht's dismissal, probably in 1943."

You made those answers, didn't you?

A That is not correct. It is not correct. I did not express myself that way. I said only that he came to the Reichsbank and that he spoke very seldom with me. He was only a . . .

Q You know this document, PS-2828?

A Yes.

Q Parts of this are already in evidence as USA Exhibit 652. Later, in another form, I shall submit this part which I have just read.

Counsel Sauter for you, Defendant, referred to a letter to Hitler from you which referred somewhat to the general feeling at the time, and also t

to the fact that it was your 60th birthday. That is so, isn't it? There was another reason for your writing that letter in connection with your birthday, wasn't there? Do you know to what I refer?

A Yes.

Q You received 500,000 Reichsmarks from Hitler as a birthday present, didn't you?

A No, that is not correct.

Q You received a present from Goering and Goebbels of 250,000 Reichsmarks for being a leading businessman in Germany, and 270,000 Reichsmarks which came out of a special account maintained by Goering and Goebbels. Hitler heard about that and ordered you to return that money and later he gave you 520,000 Reichsmarks, isn't that so?

A The first is not correct, but the latter is correct. May I explain this matter?

Q Go ahead.

A The connections are entirely different. On my 50th birthday, there was to appear before me the President and Presidium of the Reich Chamber of Commerce. This was the organization of the entire German economists, and because of my 25 years of service to German economy, with the approval of the Fuehrer, they were giving me a gift and that was to be a State affair. That did not materialize, I am sorry to say. It was something that created much sorrow and they got for me a large house which was built for me and I was told that the Fuehrer wanted me to work there. There was a demand for taxes made toward me. There was such an expense that I would not carry the taxes or the upkeep.

Therefore -- Hitler did not tell Goering, but Goering heard about this -- Hitler had 300,000 reichsmarks given to me in order to help me over my financial strait.

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From Goebbels I did not receive money, but with the approval of Goebbels, the film corporation joined the Chamber of Commerce and gave me this money. When the Fuehrer heard that I had money troubles, he granted 520,000 Reichsmarks to be put at my disposal and the money I received I turned into bonds and 500,000 reichsmarks I turned over to the families of the members of the Reichsbank who died during the war and 200,000 Reichsmarks I turned over to the Reichs political economy office for the families of those of the office who died in the war.

This large house was to be paid up by me only for I had a relatively large income, but from the beginning, when I saw the tremendous expenses connected with it, I decided, from the beginning, that I would -- in agreement with my wife -- use this as a ....

Q. I don't care what you did with it, I just want to know if you got it.

A. Yes.

Q. You also made a present out of your own pocket to the Defendant Fricke on one occasion, did n't you, giving Fricke 250,000 Reichsmarks on his birthday on 12 March 1942?

A. That I don't know.

Q. You don't remember that? Do you know anything about the other gifts that were given to the other defendants through public funds either through you and your position or to men with the Nazi Party? Do you know anything about these men or what they got from the public treasury?

A. These monies were not dispensed by me. They were dispensed by Lammers.

Q. They were public funds, weren't they? You know that Rosenberg got 250,000 marks? Did you know that?

A. No.

Q. In January 1944, you were then President of the Reichsbank?

A. Yes, but these monies did not come from the Reichsbank. These were monies or funds which were entrusted to Lammers and I assume that the monies came from Adolf Hitler. These were from other funds.

Q. Von Neurath got 250,000 marks on 2 February 1943. Do you know any thing about that? You were the President of the Reichsbank then.

H0124-0060

A. I know nothing about that.

Q. You heard about Lammers and his 600,000 marks. You know that Keitel got 600,000 marks on 2 February 1942. You never heard about that?

A. The Reichsbank had nothing at all to do with these things at all.

Q. You know that Ribbentrop got 200,000 marks. One General Milch got 500,00 marks on January, 1941, and none of these things came to your attention?

A. I never knew anything about these matters. They were Lammer's concern and the money did not come from the Reichsbank.

Q. Now, I understood you to say that you were not the economic advisor in fact to Hitler or to the Nazi Party in the early days. That is, in your own judgment you were not? Isn't it a fact that you were generally regarded as such by the public and by the Party members and Party officials? Is that so

A. I was called that, and I said that I was called that on the basis of my activity in the year 1943 when I acted as a go-between the Fuehrer and some leading economists abroad. I acted in this capacity for a short time in the party.

Q. You called yourself the economic advisor on occasion, didn't you? At least on one occasion, during an interrogation, didn't you refer to yourself as the economic advisor? You remember that?

A.. No.

Q. I think you will generally agree that you were regarded as such by the public and they thought you were?

A. I had testified already that I was called that by the press and from the press this designation went into record. I did not use this term myself.

Q. Were you the principal contact man between the Party and industry in the earlier days?

A. In the year 1932, and this is the only year which we consider Party activities because I was not active before or after this year as far as the Party was concerned. But, between Hitler and leading men of industry, I was active in bringing about discussions and also acted as a go-between. Other men also acted in that capacity.

Q. I am not asking you about other men, I am asking you if you were not a

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principal contact man. You were, weren't you?

A. Yes.

Q. You acted as a go-between the Nazi Party and the big businessmen in Germany.

A. It did not take up much of my time.

Q. It took a little bit of your time. That's what you were doing?

A. Yes.

Q. You remember then, document EC-440 perhaps. It is really a statement that you made and prepared on the relations of German industry to the Party in the National Socialist leadership of the State. You remember that paper you drew up on 28 June, 1945. You also said that "Keppler, who later became State Secretary, and who served as Financial advisor to the Fuehrer before me ... " You used that terminology. You recall that?

A. Keppler?

Q. Yes, he was the advisor before you. You remember that?

A. Yes.

Q. In the Propaganda Ministry, if I understand you correctly, you want the Tribunal to believe that you were merely an instrument of the Fuehrer, and that you didn't know what was going on. Is that your position?

A. No, I had quite a large task and that was the leadership of a comprehensive cultural concern. It was a film concern and the administration of the entire German radio which was a large enterprise and this was a very complicated activity. In the main I said it was an organization financially active but propaganda was carried on by Goebbels.

H0124-0062

Q Yes. You knew the policies and the purposes of the propaganda ministries; there isn't any doubt about that?

A Absolutely.

Q You knew that, didn't you?

A Absolutely.

Q All right. Now, we can pass on to one other matter that I referred to earlier to clear up another matter. Do you recall that the defendant Schacht, when he was on the stand, said, I believe, at that now famous meeting where a number of industrialists were gather to greet Hitler, that he didn't take up the collection? Schacht said he didn't do it. I think he said that Goering did it or somebody else. Do you remember that testimony about Schacht on the stand?

A Yes.

Q Do you remember what you told us at the time?

A Yes.

Q What did you tell us?

A I said at that time that Schacht gave a brief speech; that Goering and Hitler also spoke, and that he asked those present to contribute and to raise money. He was the one who took up the collection.

Q Who?

A He said--

Q Who was the one who took up the collection? I don't understand who you mean by "he".

A Schacht.

Q That's all I wanted to know about that.

When did you first learn that the uprisings of November, 1938, were not spontaneous?

A On the morning of the 9th of November, on my journey from my home to the ministry, for the first time I saw what had taken place during the night; but before that I have known nothing about the fact that these accesses and terror measures had been planned.

Q I think you misunderstood me. I didn't ask you when you first came to know about the uprisings; I asked you when you first

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learned that they were not spontaneous; when you first learned that they were instigated and planned by somebody else.

A I found out about that later.

Q Well, how long later?

A I believe quite a good deal later. Later on there was much discussion about this matter and it was never clear just who had been the instigator of these terror and violent measures and where the order had originated from. We knew that it had come from Munich and we learned that on the 9th of November; but, whether it was Goebbels or Himmler and just how far the Fuehrer participated in this measure, I never could find out clearly. From my telephone conversation which I mentioned today, we could see one thing; that is, that the Fuehrer knew and must have known about this matter for he said the Fuehrer has decreed, and he said, also, that the Jews would be completely eliminated from the economic life; and from there on I must conclude that the Fuehrer himself knew about that.

Q Now we come to the telephone conversation. We can also see one other thing. You knew that Goebbels started this business, didn't you, and that was the day after it happened? You knew it wasn't spontaneous and that's why you called Goebbels and got after him; isn't that so?

A Yes.

Q How many days later did you make that inflammatory speech as to what should be done to the Jews? About six days afterwards, didn't you? I am referring to the one that was published in the Frankfurter Zeitung; your counsel referred to it this morning.

A Yes.

Q And in that speech you tried to make it appear to the public that that was a spontaneous uprising, didn't you?

A Yes.

Q That wasn't true, was it?

A At that time I did not know that. At that time I believed that it was really so. Very much later I found out that machinations had taken place.

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Q Are you telling this Tribunal now that on the morning of your telephone call to Goebbels, when you in effect blamed him for these uprisings, you were not well aware that he had started it? Is that your position?

A At that time I did not know who had started this regime of terror and how it had been carried through; that was entirely new to me.

Q If you didn't know who started it, you knew that somebody started it and that it wasn't spontaneous?

A Yes.

Q And still in your speech of the 15th of November you tried to make it appear to the public that it was just an uprising on the part of the German people, didn't you?

A I gave my reasons for the attempted assassination. I don't know just what was attached to the appearance and actually there was excitement among the people because of this.

Q Now I think you understand my question, Mr. Witness. You said on that occasion you used this expression "The fact that the last violent explosion of the disgust of the German people because of a criminal Jewish attack against the German people took place", and so on, and you went on. You were trying to make it appear there that this was a spontaneous reaction of the German people and I insist that you knew better and had known it for some days, hadn't you?

A But I did not know that things had taken their course in that way. That some suggestion from some source has taken place, that I know and admit.

Q All right. When did you coin the expression "crystal week"? Do you know what that expression is; where it came from?

A Crystal week?

Q Yes.

A Yes, I did use these words in connection with this action.

Q You coined the phrase.

A Because much was destroyed.

Q You are the fellow who started that expression. You're the man, aren't you; that was your expression?

H0124-0065

A Yes.

Q And you were using it because you made this Frankfurter Zeitung?

A I did use that expression once. At that time I characterized that action with that term, yes, because much had been destroyed.

Q Now we go on a little bit further, to the well known meeting of November 12th, when Goering and Goebels and all of the other people made their remarks about the Jews and you said you were present. You didn't make any objection that day to anything that was said, did you?

A No. I tried only to have some things put through and to carry some measures through in order to save something for the Jews, in order to save their effects. Then I put through that the stores were reopened again, so that there were slow developments along these lines.

Q I understand that, But I thought this morning you were really pretty sensitive about the terrible things that had happened to the Jews, and you remember some of the suggestions that were made those days by Goering and Goebbles; they were pretty nasty things, weren't they?

A Yes, I openly admitted that I was much shaken.

Q Were you ? Well --

A And that I had a conflict in my conscience.

Q All right. You went on after that and made your Frankfurter Zeitung speech and you carried out these decrees, even though your conscience was bothering; is that so?

A Decrees had to come. I've already emphasized and reiterated that I have no pangs of conscience in that. I had conscience pangs about the reasons for that.

Q That's what I'm asking you.

A But the decree had to come. The reasons therefor, yes I admit that.

Q You know Schacht said on the stand that if he had been the Minister of Economy he didn't think those things would happen? Do you remember him saying that here the other day, do you ?

A Yes. He must have had very powerful and influential connections to the Party; otherwise, he could not have been successful.

Q You didn't have these connections in the Party, did you?

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A No, I did not. I did not have these connections and I could not prevent these terror measures.

Q Well, we'll see about that. Your counsel has submitted on your behalf an affidavit from one Oeser, O-E-S-E-R; do you remember that man? O-E-S-E-R, do you remember him?

A Yes.

Q Do you remember him?

A Yes.

Q And his affidavit -- interrogatory, I believe it was --

THE PRESIDENT: Mr. Dodd, we'll adjourn for a bare ten minutes.

(A recess was taken)

BY MR. DODD:

Q Mr. Witness, I was inquiring about this man Oeser when we

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recessed -- O-E-S-E-R; do you recall him? He was one of your employees in the Frankfurter Zeitung, wasn't he?

A Yes, he was the chief of the Berlin Economic Office of the Frankfurter Zeitung, a well reputed journalist.

Q Yes. You know, don't you, that you have an interrogatory or an affidavit from him, which you are submitting to this court; it's in your document book?

A He volunteered to do that.

Q Well, I't not asking you -- that's all right -- whether he did or not; I just wanted to establish that you know that he did.

A Yes.

Q Now, in that affidavit, as I read it Oeser maintains that you were really being quite decent about the Jews in that newspaper. Isn't that so? Isn't that the sense of it; that you saved them from dismissal and so you put them under the exceptions provided in the decrees?

A Yes.

Q All right.

A A whole number of editors were put under these exceptions.

Q Yes, I know. Now I want to ask you this: There was a real reason, other than decency towards Jews, for your conduct with reference to that particular paper, wasn't there?

A No.

Q Well, now wait a minute.

A I didn't know these people personally.

Q I don't say that you knew the people personally. I say that there was a reason, other than your feeling for Jews as people, but which you haven't told the Tribunal about yet, another reason maybe.

A In the case of the editors of the Frankfurter Zeitung?

Q Yes.

A No.

Q Now, isn't it a fact that you and probably Hitler and, certainly Goebbles, and some of the other higher ups of the Nazi Party, decided that that paper should be left in status quo because of its vast influence

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abroad? Isn't that true?

A We did not talk about that at that time. That came later. That came at the time when the Fuehrer demanded that almost all leading dailies should either be taken over by the Party or should be merged with Party papers. And at that occasion I was successful in making an exception for the Frankfurter Zeitung, as far as that decision was concerned, and the Frankfurter Zeitung continued to exist, but that was much later, years later. Here, in fact, the reason was only to help the few Jewish editors.

Q Well--

A It was a purely humane reason.

Q You can answer this. I just wanted to get your answer on the record because I'll have more to say about it later. Do I understand you to deny that it was your established policy to preserve the status quo of the Frankfurter Zeitung because of its influence abroad?

A No, that was quite my opinion that the Frankfurter Zeitung should remain as it was.

Q Well, was it for the reason that I suggest, because these people were well known in the financial world abroad, and you didn't want to impair the usefulness of that paper abroad? That's what I'm getting at, and I say that that's why you kept them on, and not because you felt badly about their plight as Jews.

A No, not in this case. In this case that was not the reason.

H0124-0069

Q. Very well. Now, with respect to your activities as Plenipotentiary for the Economy and their relationship to the wars waged against Poland and the other powers, I have some questions that I would like to ask you. Now, I will tell you what it is about first so you will be aware. You are not maintaining, are you, that your position as Plenipotentiary for the Economy didn't have much to do with the affairs of the Wehrmacht?

A. Yes, that I assert. With the Wehrmacht, I had nothing to do.

Q. Now, I have in my hand here a letter, which von Blomberg wrote to Goering. Do you remember that letter? It is a new document and you haven't seen it in this trial but do you remember any such letter?

A. No.

Q. Well, I ask you to be handed EC 255.

MR. DODD: Mr. President, this becomes USA Exhibit 839.

BY MR. DODD:

Q. Now, in this letter from von Blomberg, I am only concerned now with the last sentence, really. You will notice that von Blomberg, in this letter, refers to the fact that Schacht had been appointed but the last sentence says, or in the next to the last paragraph first urges that you be appointed immediately and that is underlined in his letter; and in the last paragraph he says: "The urgency of unified further work on all preparations for the conduct of the war does not admit of this office being paralyzed until the 15th day of January 1938."

This letter, by the way, was written November 29, 1937. Certainly von Blomberg thought that the job that he was suggesting you for, would have some great effect upon the conduct of the war, didn't he?

A. That may be but in the first place, I don't know that letter and, then, I was not immediately appointed Plenipotentiary for Economy but only in the course of the year 1938 and quite sometime after, I had already been Minister for Economy and when I asked Lammers why it had taken so long until my appointment as Plenipotentiary for Economy, Lammers stated that a clarification of my relations to the Plenipotentiary for the Four-Years Plan had to be found and that was the reason why several months later I became Plenipotentiary for the Economy, because it had to be clarified that Goering would have

H0124-0070

the decisive authority for war economy ---

Q. You really don't need to go into all that.

A. I never saw that letter and I don't know that letter, and I have never spoken to Blomberg about the affair.

Q. All right. You do recall perhaps that the OKW, after you were appointed, made some objection about the amount of authority that you had. Do you remember that?

A. No.

Q. Now, I am holding here another new document, EC-270, which I will ask that you be shown, which will be Exhibit USA-840. While you are waiting for it, I will tell you that it is a letter written on the 27th day of April,1938. You will notice that in the first paragraph of this letter from the OKW, that the interpretation which has been put on the decree of the Fuehrer, -- the decree of the 4th of February 1938, doesn't correspond to the necessities of total warfare.

And then you go down to the third paragraph on that first page and you will find other objections with respect to your authority. Apparently at this time the OKW thought you had too much to do with what would be the war effort and finally on the last page, Mr. Witness, if you will look at this paragraph you will see this sentence on the last page of the English anyway; near the end of the letter, this sentence appears: "The war economy which is subordinated to the Plenipotentiary General represents the war economic stage of the armaments industry."

And I want you to carefully observe those words "armaments industry."

Then it goes on to say: "If this stage fails, the striking power of the Armed Forces becomes questionable."

I ask that you pay attention to the words "armaments industry" because I recall that this morning you said you had absolutely nothing to do with the armaments industry but apparently the OKW thought that you did on the 27th day of April 1938. Isn't that so?

A. I don't know this letter. I don't know the attitude of the OKW but I know the following, that the OKW, especially the co-defendant Field Marshal

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Keitel, at that time was of the opinion that I as General Plenipotentiary for Economics should assume the authority and competence of Schacht but there was a conversation between the Reichsmarshal and Field Marshal Keitel. Keitel has confirmed that to me, in which the Reichsmarshal very definitely stated "war economy will not be turned over to Funk" and of all these things, I can say that quite frankly and sincerely, I had not the slightest idea, I did not know what the opinion of the OKW was about my position. I never had that function because the armaments industry was never with the Minister of Economic

Q. All right. That is correct. I suppose at the time you were also aware, as you told the Tribunal, that you were really subordinate to Goering and in a very inferior position about all these things. Is that so?

A. Yes.

Q. I am going to ask you to look at another document, EC-271, which will become USA Exhibit 841, and this document consitst of a letter which you wrote to Lammers, a letter which Lammers wrote to the Chief of the High Command, Field Marshal Keitel, and one or two other letters not pertinent for the purposes of this present inquiry. It was written on March 31, 1938, and I want you to turn to the second page because that is where your letter appears. The first page is just a letter of transmittal from Lammers to Keitel, but let us look at the second page. Have you got it?

A. Yes.

Q. I am not going to read the whole letter but the second paragraph. You wrote to Lammers and you say among other things: "In connection with a trip to Austria I have among other matters talked to General Fieldmarshal Goering, also about the position of the Plenipotentiary for War-Economy. I have pointed out that contrary to the attitude of the OKW, of which I was informed, the decree of 4 February 1938 concerning the leadership of the Wehrmacht did not change the position of the Plenipotentiary for War-Economy."

And you go on to say that aside from the fact that the decree applied exclusively to the command of the armed forces, and so on, and that especially the last paragraph of that decree stated that they were dependent upon instructions of the Fuehrer.

Then you go on to say: "Moreover, to the instructions of the Fuehrer,

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belongs also the decision of the Reich Government 21 of May 1935, according to which the Plenipotentiary for War-Economy, in his sphere of duty as supreme Reich authority, is immediately subordinated to the Fuehrer.

"General Fieldmarshal Goering assured me that my interpretation, as mentioned above, was correct in every respect and also corresponds with the Fuehrer's opinion. Thereupon, I asked him to give me a brief written confirmation. General Fieldmarshal Goering promised to grant this request."

Now, you wrote that letter to Lammers, didn't you, on the 31st day of March 1938? Yes or no?

A. Yes.

Q. All right. You were trying to have supreme authority and make yourself answerable only to the Fuehrer and that is what this one sentence was about, and that is what document #C-270 referred to and this is your answer to the OKW's objection that you had too much power. This doesn't look like you were a little man, does it, Mr. Witness?

A. Yes. I just wanted to clarify the position but later it was not clarified in that sense but in the sense that I was dependent upon the directives of the Reichsmarshal and I wrote this letter in order to try to achieve clarification, but in detail I do not remember it.

Q. You told Lammers ---

THE PRESIDENT: Mr. Dodd, isn't this letter that you have just read the very letter which is referred to in the letter which you put to him immediately before?

MR. DODD: Yes, sir, it is. It referred to EC-271. I am sorry, I meant 270.

THE PRESIDENT: GB- No. 649/38 is the letter you just read. Will you look at the first paragraph of EC-270; the letter referred there, criticizing the defendant Funk's letter, you just read.

MR. DODD: Yes, it is, your Honor.

BY MR. DODD:

Q. My point here, Mr. Witness, is tht, you see, you told the Tribunal that you really just worked for Goering; that you didn't have much to say about

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these things but now we find that you were writing a letter asserting your supreme authority and saying now "it is a fact that I am really only answerable to Hitler" and, you see, those two are quite inconsistent. What have you got to say about that?

A. Yes; in fact, I was never successful.

Q. Now, let us see if you weren't. You turn another page in that document and you will find another letter from Lammers, written on the 6th day of April 1938, and it is written to you, and he tells you that you are just right in what you understood to be your position; that you are indeed only subordinate to the Fuehrer and that he has sent a copy of your letter to both Fieldmarshal Goering and the Commander of the OKW. Now, what do you say about that?

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A I see from that that I tried at that time to achieve that post, but in fact I never succeeded because the Reichsmarshal himself stated later that he would never turn over the war ecenomy to me, and in fact, the former authority of the Plenipotentiary for Economy was turned over to the Four-Year Plan by a decree of the Fuehrer of December 1939.

Q Well, is that your answer?

Now, you also have told the Tribunal, as I understand you at least, that you really didn't have much to do with the planning of any aggressive wars, and that your activities were restricted to regulating and controlling the home economy, so to speak. Now, actually on the 28th of January 1939, which was some months before the invasion of Poland, you were considering the use of prisoners of war, weren't you?

A That I don't know.

Q Now I will ask that yoy be shown another new document, EC-483, which becomes USA-842. This is an unsigned letter, a captured document from your files. This letter, by the way, was transmitted under the signature of Sarnow, You know who he was; he was your deputy.

Now, this letter dated the 28th of January 1939 says that its subject is "Re: Employment of Prisoners of War." Then it goes on to say:

"Under the Reich Defense Law of 4 September 1938, I have the direction for the economic preparations for the Reich Defense, except the armament industry."

Then it goes on, "For the utilization of labor..." and so on.

But what I want to call your attention to particularly is the sentence in the second paragraph which says:

"The deficit in labor has to be made up by the employment of eventual prisoners of war as far as possible and practical. The preparations, therefore, have to be made in close cooperation with the OKW and GBW. The offices under my jurisdiction will be

H0124-0075

informed."

Remember that communication?

A No, I have never seen that letter, never signed it. But that letter belongs to the things about which I spoke this morning. The Office of the General Plenipotentiary for Economy --here I see "War Economy" scratched out -- continuously had to do with these things. I personally had nothing to do with it.

Q Well now, that is rather playing with words. This was your ministry that was making these suggestions, and your principal deputy who transmitted this letter, isn't that so?

A No, that was --

Q (Interposing) Now, you look up in the righthand corner of that letter and it says "The Plenipotentiary General for the Economy" and then it gives the address and the date.

A Yes, and it is signed "By Order of Sarnow."

Q That's right, and he was your principal deputy, wasn't he?

A No.

Q What was he?

A He was only in the office of the General Plenipotentiary. My main deputy, who was in charge of that office, was Posse.

Q Well now, at any rate --

A (Interposing) As I have said before, I personally did not deal with these things.

Q It has just been called to my attention that if you say the man was Posse, then in the second paragraph of that letter you can find his name: AI can refer to the statements of Colonel General Keitel, Secretary of State Dr. Posse..."

At any event, important people in your organization were involved in this thing, weren't they?

A Certainly they were involved.

Q All right. Now, you remember the document 3562 PS. It was introduced here as USA Exhibit 662. It is the minutes of a meeting set out by Dr. Posse, your deputy, which discussed a

H0124-0076

memorandum for financing the war, and you talked about that this morning and you said that despite the fact there is a note on it "to be shown to the Minister," you never saw it.

A Yes. I would have had to initial it if I had seen it.

Q Well, whether that is so or not, I am not concerned about right now. Instead, I want you to listen while I read an excerpt from it. If you would like to see the document you can have it, but I hardly think it is necessary.

You recall that in that document one of your memoranda is referred to, isn't it? Do you remember? Do you remember that Posse said:

"It was pointed out that the General Plenipotentiary for the Economy is primarily interested to introduce into the legislation for war finance, the idea of financing war expenditures by anticipating future revenues, to be expected after the war."

A Yes.

Q All right. That is all I have to ask about that document. We can move right along here.

Referring again to your own direct testimony, I understood you to tell the Tribunal that in so far as the war against Poland was concerned, you didn't really know until some time in August that there was even a likelihood of war with Poland; some time in August you thought it would be settled by diplomatic means. Isn't that so?

A In probability not. Danger of war had wxisted, was dormant, for months, but that war was immediately ahead could be assumed in August.

Q Had you been planning or making economic plans for war with Poland for more than a year before the attack on Poland? You can answer that yes or no.

A I don't know that.

Q You mean you don't know whether you did or not? What do you mean by that kind of an answer? Don't you remember?

A I don't remember.

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Q All right. Then I can help you.

There is a document 3324-PS, which is already in evidence. You must remember it; it is USA Exhibit 551. That is a speech that you made. Don't you remember saying in there that you had been planning in secret for well over a year for the war on

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Poland? Do you remember that? Would you like to see the document?

A Yes, please.

Q The sentence is here:

"Although all the economic and financial departments were harnessed in the tasks and work of the Four-Year Plan, under the leadership of the General Field Marshal Goering, the war economic preparation of Germany has also been advanced in secret."

Do you remember that?

A Yes, now I know.

Q You will notice it says here "for well over a year", and you went on to say this had been done under you.

Is that true?

A Yes, that was the activity of the General Plenipotentiary for Civilian Economy. That I explained.

Q All right. Well, that is all right. I just wanted to get your --

A (Interposing) But of Poland I did not speak.

Q Well, that is the only war that was on when you made this speech. It was October 1939.

A Yes, but the preparations were not for a specific war.

Q All right.

A It was general preparations.

Q Now, actually you and Goering were even in a contest for power to some extent, weren't you? Was the Goering door one of those that you were also trying to get in?

You can answer that very simply. You told us you were trying to get in these various doors, but you would get up there and never get in. I now ask you if the Goering door was one of those.

A I don't believe that I was so ambitious or that I wanted to get Goering's post. That was far from me.

Q I didn't say that you wanted to get his post, but you wanted to get some of his authority, didn't you? Or don't you remember? Maybe that is the solution.

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A No.

Q Well, your man Posse was interrogated here by representatives of the Prosecution and the document is No. 3894-PS. He was asked these questions:

"Question: What was the nature of the conflict between the Plenipotentiary for Economy and the Four-Year Plan?

"Answer: The struggle for power.

"Question: The struggle for power between Funk and Goering?

"Answer: The struggle for power between Funk and Goering, between Funk and the Ministry for Agriculture and the Ministry for Communications.

"Question: How was the struggle finally resolved?

"Answer: Never. It was a struggle always continuing under the surface."

Then we move on:

"Question: Did Funk, who had very important powers as Minister of Economics and later as Reichsbank President and as Chief Plenipotentiary for the Economy, actually exercise these powers?

"Answer: Yes. But the powers of Goering were stronger.

"Question: Nevertheless, Funk did exercise important powers?

"Answer: Yes, as President of the Reichsbank, Minister of Economics, and Plenipotentiary for Economy."

Posse was your chief deputy, wasn't he?

A Yes, but Posse had a position which was somewhat aside, because my deputies were Landfreid and Puhl as far as the Reichsbank was concerned.

Q Well, all right.

A They would know more than Posse.

Q You don't think he really knew what he was talking about when he said you were in the struggle for power? Is that your answer?

A No.

MR. DODD: That becomes USA Exhibit 843. We haven't offered it up to now.

BY MR. DODD:

Q Now, Mr. Witness, I want to ask you about when you first heard of

H0124-0080

the impending attack on Russia. I understood you to tell the Tribunal that you heard about it sometime -- I think you said -- in May. Is that right? Or June?

A When Rosenberg was charged with it.

Q Well, that is what we want to know. When Rosenberg, in April of 1941, was appointed, you knew then there was to be an attack on Russia, didn't you? But this morning I don't think you made that statement. Isn't that right, Mr. Funk?

A Yes, yes, I said that as reason for that appointment we were told that the Fuehrer considered a war with Russia to be likely.

Q Yes, but you know what you told the Tribunal this morning. You said that Lammers sent you notice of Rosenberg's appointment because of your interest in improving the trade relations with Russia. That is the answer you made this morning. Now, that wasn't so, was it?

A Yes, Lammers has said that here, too.

Q I don't care what Lammers said. I am asking you now if it isn't a fact that you were told by Lammers because you were to cooperate with Rosenberg in making ready for the occupation of those territories after the attack began. Now you can answer that very simply. Isn't that true?

A No.

Q Now, we'll see. You know, on another occasion you have given another answer, by the way, I might say parenthetically. Do you remember telling the interrogator that you first heard from Hess about the impending attack on Russia? Do you remember you gave that answer at one time as the source of your first knowledge? Do you remember telling us that?

A No.

Q I'll tell you about that in a minute. We will stay now on this Rosenberg business.

There is a document No. 1031-PS and it is dated May 28, 1941, which would be a little more than a month after the Rosenberg appointment, "Top Secret Notes; Meeting with Reichsminister Funk." Do you know what you

H0124-0081

were talking about that day, about counterfeiting money for use in Russia and the Ukraine and the Caucasus? Do you remember it. You don't remember it? Well,you had better take a look at the document. It is No. 1031-PS, which becomes USA Exhibit 844.

Don't you remember the day that your Reichsbank Director Wilhelm said it shouldn't appear that you were counterfeiting so-called ruble bills for use in the occupied countries?

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Rosenberg was at that meeting. It is a very short memorandum. Have you read it? Oh, it is on page four, I think of the document you have; I am sorry. Do you find it? It starts out "In the Ukraine and in the Caucasus, however, it would become necessary to maintain the present currency, the ruble" -- and so on. You were talking about money problems in the territory that you expected to occupy, and that was, well, about a month before the attack and about a month after the Rosenberg appointment, was it not?

Can you not give me an answer?

A I have not come to it yet.

Yes, if these countries had been conquered, one had to deal with these questions.

Q The point is that certainly by that time you knew about the impending attack on the countries that had to be conquered, did you not?

A I did not know of an attack. I only knew of a danger that a war would start.

Q Well, all right, you have it your way. The important thing was that you were talking about using money in the Ukraine and in the Caucasus, and it happened about a month later.

A Yes.

Q All right. There are quite a few questions I want to ask. I would like to close this examination before the adjournment time is due. Do you have anything you want to say to that? I only offered to show that you had knowledge about the impending attack. You know that something was going to happen in the East. That is all I wanted to ask. I think you will agree with that, won't you?

A Yes.

Q All right.

A Since the appointment of Rosenberg -- and that I explained clearly this morning -- I knew that a war with Russia was threatened.

Q We are all in agreement. We do not need to go further. I understood you to say this morning that you did not know. That is all right. I misunderstood you then. I now understand you to say that you did know it.

A I said clearly this morning that I was informed that the Fuehrer was

H0124 - 0083

expecting a war with Russia, but I am not clear about this document, as to who has written it.

Q Well, I do not know either. I can simply tell you that it was captured, among other documents, from Rosenberg's files. I cannot tell you anything more about it.

I think we can talk about something else, if you will permit me. I do not think there is any need to go on with it.

A Yes, but it is important insofar as these things were the ruble.

Q I will say it is too.

A It says here that I said that with the use of the Reichskredit-kassenscheine and with the exchange rate, there were various objections. It shows that I was very careful about it.

Q All right. I am glad to have your observations about it. I want to talk to you a little bit about when you took over the Reichsbank. Posse was your principal deputy in your Ministry of Economics, was he not?

A Landfried was my main deputy.

Q And by the way, he was at the same meeting that we have just been talking about.

Who was your principal assistant in the Reichsbank?

A Puhl.

Q He was a holdover from the Schacht days, was he not?

A Yes.

Q Did you induce him to remain? Did you ask him to remain?

A No.

Q You said that you selected your personnel. That is what you told the Tribunal this morning.

A No, there remained Puhl, Kretschmann and Wilhelm remained also.

Q I am not interested in going through your roster of personnel. I am only asking -- and I will tell you the purpose. Puhl was a reliable banking man, was he not? He was well known in international banking circles. He had been offered a position in the Chase Bank in New York at one time, did you know that?

A No, that I did not know.

Q It is true. In any event, he was quite a man, and he is a reliable

H0124-0084

man, is he not?

A Yes.

Q You asked for him as a witness, did you not?

A Yes.

Q And you wanted him to come here because you believe him?

A Yes.

Q Now, I want to talk a little bit about the gold in the Reichsbank. How much gold did you have on hand at the end of the year 1941? Roughly. Don't give me a long story about it. I am not too much interested. I am trying to find out if you were short on gold in 1941.

A The gold reserve which I took over amounted to about half a million. That was when I got the post of Schacht.

Q Well, all right.

A It was considerably increased, as much as I know, only by the Belgian gold.

Q That is really-- It is interesting to hear all about it, but I have another purpose in mind.

From whence did you obtain gold after you took over? Where did you getyou get any new reserves from?

A Only by transfers of currency into gold, and then we got, in addition, after I had assumed the position, the gold reserve of the Czech National Bank. There must have been some gold, and then mainly through the Belgian gold.

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Q All right. Now, of course, gold became very important to you as a matter of payment in foreign exchange. You had to pay off in gold alone in 1942 and 1943, did you not? Is that so?

A It was very difficult to pay in gold.

Q I know it was.

A Because the countries with which we still had business relations introduced gold embargoes. Sweden refused to accept gold. Only in Switzerland could we still do business by transfer of gold.

Q I think you have established that you had to use gold as foreign exchange in 1942 and 1943. When did you start to do business with the SS, Mr. Funk?

A Business with the SS? I have never done that.

Q Are you sure about that? I want you to take this very seriously. It is about the end of your examination, and it is very important to you. I ask you again when did you start to do business with the SS?

A I have never done business with the SS. I can only say the same that I said in the previous interrogation: That is that one day Puhl informed me that a deposit had been received from the SS. First, I assumed that it was a regular deposit, that is, a deposit which would remain locked and which would not hinder us further, but then Puhl told me later that deposits of the SS should be used by the Reichsbank, and I assumed that there were gold coins or currency, but in the main, gold coins, which every other German citizen had had to turn in, and so I thought they were taken from inmates of concentration camps and turned over to the Reichsbank. There were also valuables which had been taken from the inmates of concentration camps that did not go to the Reichsbank but to the Reich Finance Minister.

Q Just a minute. Were you in the habit of having gold teeth deposited in the Reichsbank?

A No.

Q But you did have it from the SS, did you not?

A That I do not know.

Q You don't know.

H0124-0086

MR. DODD: Well, now, if Your Honor please, we have a very brief film, and I think we can show it before we adjourn, and I would like to show it to the witness before I examine him further on the gold business in the Reichsbank. It is a picture taken by the Allied Forces when they entered the Reichsbank, and it willshow gold teeth and bridges and so forth in their vaults.

A I do not know a thing about it.

Q I think perhaps before I show the film I would like to -- I think I can do it in the time; I do want to complete this this afternoon -- I want to read you an affidavit from this man Puhl, whom you told me a few minutes ago was a creditable and well informed man and whom you called as a witness. This affidavit is dated 3 May 1946.

DR. SAUTER: Mr. President, I protest against the reading of this affidavit by Mr. Puhl. This affidavit most probably--I do not know--was taken here in Nurnberg. We do not know its contents. The Prosecution surprises us today with an affidavit of which we know nothing, and within ten minutes a dozen documents are thrown at us, of which the Prosecution asserts they are only short documents, whereas, for instance, one affidavit among them contains twelve pages. It is quite impossible for us in the course of this extreme speed with which this examination has taken place to follow these statements and these documents at all. Therefore, I have to protest against the use of an affidavit of that kind at this moment.

MR. DODD: Well, this affidavit was taken at Baden-Baden, Germany, on 3 May. We have been trying for a long time to put this part of this case together, and we have finally succeeded. Certainly, we did not turn it over to Dr. Sauter because we wanted to use it for just the purpose I am trying to put it to now. It is an affidavit of his assistant Puhl, whom he called as a witness and from whom he expects to have an interrogatory. It has to do with a very important part of his case.

I might say that if we are permitted to use it, certainly Dr. Sauter will have a chance to re-examine and he will have all night to study it if he would like to look it over.

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THE PRESIDENT: Are you wanting to cross-examine the witness about this document?

MR. DODD: Yes, I want to read it to him and ask him a couple of questions about it. It is the basis for two or three questions of cross-examination, to impeach him for statements he has already made about the gold.

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THE PRESIDENT: You may do that. But Dr. Sauter, of course, will be able, if he wishes to do so, to apply afterwards that the witness should be produced for cross examination. And he would have time in which he can consider the affadivit and make any comments which he wants to about it.

MR. DODD: Very well, Your Honor.

DR. SAUTER: Mr. President, may I make just one statement? Today the case occurred where the prosecution has protested against the fact that a document should be used which the prosecution had not received before in English. And the representative of the prosecution tells me it is not German. Therefore, the document has to be translated. I am of the opinion that the defendant's counsel should get the same right in this respect.

If we get one English document after the other thrown at us without my having the slightest what they include, then I cannot answer them. The difficulty becomes greater and greater. For instance, I have received a document here which contains 12 pages. One sentence is used out of such a document. The defendant is not given time to read even one single paragraph. I myself am not given time. And in spite of that fact, it is expected that the defendant should be asked about one single sentence which is taken out of the context immediately without having the possibility of examining the document. That, in my opinion, cannot be expected.

THE PRESIDENT: You have had a translation in German of nearly every document, if not every document. You have also been given every opportunity to consider documents when they have been translated into German. And that opportunity will be given to you hereafter.

If there are any documents which are being used in cross examination now which are not in German, they will be translated into German, and you will have them then. But once the witness is under cross examination, the documents may be used.

If you want to re-examine upon the documents after you have them in German, you will be able to do so.

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MR. SAUTER: Mr. President, the defendant's counsel also has an interest not to delay the proceedings. But it does not help me if later, if ten days or two weeks from now I shall have to approach you, Mr. President, with the request that I could question the witness again. We are happy once we are through with the examination of the witness.

But this fashion in which Mr. Dodd does it, we cannot follow; I cannot follow, and the defendant cannot, either. One cannot expect the defendant to answer a single sentence which has been taken out of the context, and to make a statement about it, if he has no chance to examine the document as a whole.

THE PRESIDENT: Mr. Dodd.

MR. DODD: May I proceed to examine on the document?

THE PRESIDENT: Mr. Dodd, have you got any objection to his seeing the document?

MR. DODD: Yes, I have. I think it would be a new rule. Ever since this defense opened, we have presented documents for the purpose of impeaching the credibility of various witnesses, and used these documents. And it goes to the very foundation of cross examination. If we have to turn such documents over to the defense, before we cross examine, the whole purpose of cross examination is defeated.

THE PRESIDENT: Mr. Dodd, if you are putting the document in and putting it to the witness as a document, then his counsel is entitled, I should purport, to have it at the same moment.

MR. DODD: We are perfectly willing to give him a German copy right now. It is here for him. And we were ready with it when we came in the court room.

THE PRESIDENT: In German?

MR. DODD: Yes, Mr. President.

THE PRESIDENT: I think the best thing will be for us to adjourn now, and then you will hand to Dr. Sauter when you use the document a translation of it in German.

MR. DODDS: Yes; tomorrow morning, when we use it.

THE PRESIDENT: When you use it.

MR. DODDS: Very well, sir.
The tribunal adjourned until 7 May, 1946, 1000 hours.